Description of the firm

Established in 1976 by Steve Jobs, Steve Wozniak, and Ronald Wayne, Apple is renowned for designing, manufacturing, and marketing a wide range of consumer electronics, software, and services. Its iconic products include the iPhone, iPad, Mac computers, Apple Watch, and AirPods. With a focus on innovation, design excellence, and ecosystem integration, Apple has cultivated a loyal customer base and achieved significant financial success, consistently ranking among the world's largest companies by market capitalization and revenue.

Product line

Apple's product line encompasses a diverse range of consumer electronics, software, and services, catering to various needs and preferences of its global customer base. Let’s take a glimpse of its primary product categories:

iPhone: iPhone is Apple's flagship product. It is known for the sleek design, advanced technology, and user-friendly interface. It is still the company’s biggest moneymaker, generating $69.7 billion of revenue or 58% of the company's total revenue in the latest fiscal quarter (Q1 2024 ended Dec. 30). The iPhone lineup includes various models targeting different market segments, offering features such as powerful cameras, high-resolution displays, and innovative software capabilities.

iPad: First introduced to the consumer market in 2010, iPad is the pioneer of the modern tablet market, offering users an additional mobile device with computing capabilities.  [Apple has released several versions of the iPad](https://www.statista.com/topics/847/apple/), with the regular iPad, iPad Mini, iPad Air, and iPad Pro, which caters to professionals with features like Apple Pencil support and powerful processors. In the company’s 2023 financial year, [iPads generated over 28 billion U.S. dollars in revenue](https://www.statista.com/statistics/269914/apples-global-revenue-from-ipad-sales-by-quarter/), accounting for over [seven percent of Apple’s total global revenue](https://www.statista.com/statistics/253655/ipad-revenue-as-share-of-apples-total-revenue/) in the last quarter of that year.

Mac: Apple's Mac lineup comprises desktop and laptop computers known for their performance, reliability, and elegant design. It includes the iMac, Mac Mini, MacBook Air, and MacBook Pro, each tailored to different user needs ranging from casual browsing to professional content creation.

Apple Watch: The Apple Watch is a leading smartwatch brand offering health and fitness tracking, communication features, and integration with other Apple devices. It comes in various models, including the Apple Watch Series and special editions like the Apple Watch Hermès and Apple Watch Nike+.

Apple TV: Apple TV is a digital media player and microconsole that enables users to stream content from various sources, play games, and access apps. It offers features such as 4K HDR support, integration with streaming services, and Siri voice control.

AirPods: AirPods are wireless earbuds offering seamless connectivity with Apple devices, featuring features such as automatic pairing, touch controls, and long battery life. The lineup includes standard AirPods and AirPods Pro with noise cancellation.

Services: Apple offers a range of services designed to enhance the user experience and generate recurring revenue. These services include the App Store, Apple Music, iCloud storage, Apple Arcade for gaming, Apple TV+ for original content, and AppleCare for device support and warranties.

Chart Caption: Data Source: Statista, Chart by The Motley Fool

Scope of the Firm:

Apple operates globally, with a presence in numerous countries through retail stores, online platforms, and partnerships with distributors and carriers. The company's reach extends across both developed and emerging markets, leveraging its brand recognition and customer loyalty. In 2001 Apple opened its first two stores, since then Apple ‘s retail operations expanded rapidly. Today in 2024, Apple operates over 530 retail stores in at least 25 countries.

Size of the Firm:

As of April 1, 2024, Apple Inc. is the world's second largest company by market capitalization with $2.65 trillion market cap. Since 2010, the top spot of market cap has been most often held by Apple. It only fell behind Microsoft in 2018 when concerns about COVID-driven supply chain shortages affected the iPhone maker’s stock price. Apple also holds the distinction of being the first company to hit market caps of $1 trillion, $2 trillion, and $3 trillion. Apple’s total net sales amounted to 383.29 billion U.S. dollars in 2023, a decrease from the historical record of 394.33 billion U.S. dollars in financial year 2022. Apple’s annual revenue quadrupled in the last ten years.

With a vast global workforce and an extensive network of suppliers and partners, Apple's operations span manufacturing, retail, and digital services sectors. Apple has hundreds of suppliers it relies on for procuring components for assembly. Each year it releases a progress report outlining its supplier relationship efforts as well as a list of its top 200 suppliers, which account for 98% of its procurement.

As of FY 2023, the total number of employees had reached around 161 thousand (only counting full-time equivalent), down from 164 thousand recorded in the previous year. The median salary for an Apple employee is $127,197 annually.

Distinctive Competencies:

As a global powerhouse in the technology industry, Apple is renowned for its innovative products, sleek design aesthetics, and seamless integration of hardware and software. Its distinctive competencies encompass a range of factors that have contributed to its success and competitive advantage in the market.

Product Innovation and Design: Apple's relentless commitment to innovation and design excellence sets it apart from competitors. The company has a long history of introducing groundbreaking products that revolutionize industries, such as the iPod, iPhone, and iPad. Its focus on user experience and aesthetic appeal has created a strong brand identity synonymous with quality and innovation.

Apple’s design process is famously meticulous and innovative. Its design philosophy is heavily influenced by minimalism. The idea is to create products that are simple in form but sophisticated in function. Sir Jonathan Ive, the ex-Chief of Design at Apple, played a key role in establishing the company’s overall design aesthetic, which became synonymous with modern, sleek, and user-friendly technology. He was instrumental in the development of many iconic Apple products, including the iPod, iPhone, iPad, and MacBook.

Ecosystem Integration: Another of Apple's key strengths lies in its ecosystem integration, where its hardware, software, and services seamlessly work together to provide a cohesive user experience. This integration fosters customer loyalty and lock-in, as users are more inclined to purchase additional Apple products and services to complement their existing devices.

Brand Loyalty and Customer Experience: Apple has cultivated an aggressively loyal customer base through its dedication to delivering exceptional customer experiences. Its retail stores and online service provide a unique environment for customers to explore and interact with products, while its customer service ensures timely support and assistance. This strong brand loyalty translates into repeat purchases and referrals, further solidifying Apple's market position.

Supply Chain Management: Apple's mastery of supply chain management is another critical competency that contributes to its success. The company has optimized its supply chain to minimize costs, reduce lead times, and ensure timely delivery of products to meet customer demand. This efficiency allows Apple to maintain high product quality while managing fluctuations in demand and supply. As a matter of fact, Apple’s Supply Chain has led [Gartner's Supply Chain Top 25](https://emtemp.gcom.cloud/ngw/globalassets/en/supply-chain/documents/trends-top-25/gartner-supply-chain-top-25.pdf) list since 2013. The company maintains extremely strict standards for its numerous supplier companies, which are named each year in Apple’s [Supplier List](https://www.apple.com/supplier-responsibility/pdf/Apple-Supplier-List.pdf). The top 200 businesses in this list make up 98% of the business’s procurement. Demanding a high-quality service from such suppliers helps ensure the final products are reliable and long-lasting. Meanwhile, Apple keeps [as little inventory as possible](https://www.thomasnet.com/articles/other/just-in-time-inventory/), providing them with the agility they need should a competitor release an innovative new product, thereby decreasing the value of any items in stock at that moment. Furthermore, having fewer SKUs to keep track of allows for more accurate forecasting.

Key strategic managers

Apple has a team of key strategic managers who play pivotal roles in steering the company's direction, driving innovation, and executing its business strategies. Here are some of the notable figures who have held key strategic positions at Apple throughout its history:

Steve Jobs co-founded Apple in 1976 and played a central role in shaping the company's vision and strategy. Known for his visionary leadership and focus on innovation, Jobs led Apple through several transformative periods, including the introduction of iconic products like the Macintosh, iPod, iPhone, and iPad. Jobs led Apple for many years before he was forced out because of a dispute with the company's Board of Directors. After founding Pixar and NeXT Inc., another computer platform development company, he returned to steer the Apple ship when the company found itself in trying economic times.

John Sculley (CEO): John Sculley served as CEO of Apple from 1983 to 1993, leading the company through a period of rapid growth and expansion. Steve Jobs hired PepsiCo CEO John Sculley with the famous phrase: "Do you want to sell sugared water for the rest of your life, or do you want to come with me and change the world?" (a story Sculley never gets tired of retelling). He became Apple's CEO in 1983, and started a business honeymoon with Steve that lasted about two years. However, because of increasing tension in the company due to disappointing Macintosh sales, Sculley and Jobs eventually had a fall-out that led to Steve's resignation in September 1985. Steve never forgave Sculley for betraying him, and called him 'corrupt' publicly on several occasions. His definite quote on Sculley came [in a 1995 interview](https://www.youtube.com/watch?v=g0k6xaLXo6U) for Triumph of the Nerds: "What can I say? I hired the wrong guy." Although his tenure was marked by internal conflicts and strategic challenges, Sculley played a significant role in popularizing Apple's products and expanding its market presence.

Tim Cook (COO, CEO): Tim Cook joined Apple in 1998 and served as Chief Operating Officer before succeeding Steve Jobs as CEO in 2011. As was the case with Jobs before him, CEO Tim Cook occupies the only position on the organizational chart where the design, engineering, operations, marketing, and retail of any of Apple’s main products meet. Cook's leadership style emphasizes the importance of deep expertise in one's function, with a focus on experts leading experts. This approach has enabled Apple to drive innovation in all areas of the company, not just product development, at an ever-greater scale.

Jeffrey E. Williams is Chief Operating Officer of the Company. He oversees Apple’s entire supply chain, service and support, and social responsibility initiatives for Apple’s supply chain. He also oversees the development of Apple Watch and drives the company’s health initiatives. Jeff joined Apple in June 1998 and assumed his current position in December 2015.

Phil Schiller (SVP, Worldwide Marketing): Phil Schiller served as Apple's Senior Vice President of Worldwide Marketing for over two decades, overseeing the company's marketing strategies and product launches. Schiller played a significant role in building Apple's brand image and promoting its products to a global audience. Since rejoining Apple in April 1997 Schiller has helped the company create the best computers in the world with the Mac, lead the digital music revolution with iPod and iTunes, reinvent mobile phones with iPhone and the App Store, and define the future of mobile computing with iPad.

Culture and philosophy

Apple’s organizational culture is a key factor in the continuing success of its business. It has been shaped by its founder, Steve Jobs, and subsequent leadership. The first key aspect of Apple's culture and philosophy is creative innovation. The company’s cultural features focus on maintaining a high level of innovation that involves workers’ creativity and a mindset that challenges conventions and standards, such as in consumer electronics design. The company encourages its employees to think differently, challenge the status quo, and push the boundaries of what's possible. This emphasis on innovation has led to the development of groundbreaking products and technologies that have revolutionized industries. Secondly, Apple is known for its minimalist design aesthetic and emphasis on simplicity and elegance. The company believes in stripping away unnecessary complexity and focusing on delivering intuitive, user-friendly experiences across its products and services. Furthermore, Apple places a high value on providing exceptional customer experiences. From its retail stores to its customer service, the company strives to create environments where customers feel valued and supported. This focus on customer satisfaction has contributed to the development of a fiercely loyal customer base. In addition, Apple has a secretive organizational culture. This cultural characteristic defines the MacBook maker’s human resource development and management practices. Secrecy is part of the company’s strategy to prevent theft of proprietary information or intellectual property, such as designs for the next generations of the iPhone. It is also a strategic management approach that enables Apple Inc. to maximize its leading edge against competitors. Through the company culture, employees are motivated and expected to keep business information within the technology business organization.

Strengths

Apple is one of the most valuable and strongest brands in the world. One of the major strengths of Apple is its brand identity. Its strong brand equity and loyal customer base continue to grow due to its innovative products, design quality, and user experience. Apple uses its brand to showcase a lifestyle. They have used this concept to market their products as not only gadgets but as a way to its vigilantly designed world. According to Brand Finance 2024, Apple secured the first position after falling to the second spot in 2023. Apple's brand value increased by $219 billion (74 per cent) to $517 billion. There are a couple of reasons of Apple’s leading brand awareness. First one is that Apple has a legendary focus on the customer experience. Over the last 10 years, Apple has aggressively expanded the areas where the Apple experience is part of daily life. Secondly, Apple organizes its Sales and Marketing by Customer, not Product. For example, For the diverse SME and enterprise segments, the company organizes its sales teams based on the industry served, not products sold. The benefit of this approach is that it ensures the salesperson really understands the customer and can offer solutions from across the Apple portfolio to best meet customer needs. In addition, pricing control. Apple’s marketers leverage pricing-with very little discounting- as a tool to convey the brand in the same way as luxury retailers. This strategy enables Apple to focus less on acquiring new customers through price, and instead by offering an outstanding customer experience.

Apple’s strong financial position is also one of its major strengths. In the last 5 years, the company saw its profit margin increased by roughly 5%, revenue increased dramatically in 2021, from $274.5 billion to $365.8 billion. Large cash reserves and strong cash flow position provided Apple with financial stability and flexibility for investments and acquisitions.

Apple’s profitability remains robust. In 2023, Apple reported a net income of $99.8 billion, with a net margin of approximately 25.3%. This level of profitability reflects the company's ability to maintain premium pricing and efficient cost management.

Apple's balance sheet is strong, with a significant cash reserve and manageable debt levels. As of September 2023, Apple had total assets of over $352 billion and total liabilities of about $290 billion, resulting in a solid equity base.

Apple generates substantial cash from operations, which is a key indicator of financial health. In 2023, the cash generated from operating activities was reported at around $110 billion. This strong cash flow supports the company's capital return program, which includes regular dividend payments and share buybacks.

Unlike many other large technology companies that are structured around different products or services, Apple organizes its structure around functions. This means that global heads of functions such as marketing, design, and product development guide the company’s strategic direction. This functional structure supports Apple’s goal of achieving excellence in each of these areas, fostering deep expertise and efficiency. In an article of HBR, How Apple Is Organized for Innovation (Joel M. Podolny and Morten T. Hansen 2020), it says that ever since Steve Jobs implemented the functional organization, Apple’s managers at every level, from senior vice president on down, have been expected to possess three key leadership characteristics: deep expertise, immersion in the details, and willingness to collaboratively debate. When managers have these attributes, decisions are made in a coordinated fashion by the people most qualified to make them. Apple’s organizational design emphasizes tight integration between hardware, software, and services. This integration is facilitated by its collaborative culture, where cross-functional teams work closely during the design and development phases. This approach not only speeds up the innovation process but also ensures that Apple products offer a seamless user experience, which is a significant market differentiator.

Weaknesses

Apple’s history of premium prices and pricing control accelerated the firm’s decline. Pricing control is a double-edged sword that requires on-going investment to justify the prices. Apple has faced criticism that its recent product innovations lack the groundbreaking change seen in earlier products like the iPhone and iPad. This perception could dampen consumer excitement and engagement, particularly among tech-savvy users looking for the next big thing. Compared to its competitors, especially those using the Android platform, Apple Inc. has also been criticized for its closed ecosystem. Apple offers limited customization options for its devices. This one-size-fits-all approach may alienate potential customers who seek more personalized options or features specific to their needs. In addition, Apple manages cyclical reorganizations challenge by keeping its structure focused on customers, but the structure is informal and there are no separate divisions for different industries. Keeping sales or marketing from splitting into warring silos requires constant vigilance.

Apple's financial success is heavily reliant on its flagship products, particularly the iPhone, which consistently accounts for a significant portion of its total revenue. This dependence makes Apple vulnerable to any shifts in market dynamics or consumer preferences that affect these products. As we can see from the statement of operations, the company's revenue growth came almost completely from services which has double-digit revenue increase. Product sales decreased $18 billion. Apple invests heavily in research and development as well as marketing. While these are critical for maintaining its competitive edge and brand position, they also represent fixed costs that can impact overall profitability especially if market conditions change or new product launches do not yield expected returns.

The above shows Apple’s segment performance. Europe especially was a bright spot in the company's portfolio along with Japan, however, the company's Greater China impact was clear. With the iPhone being restricted in China, and revenue declining there, the company needs to make it up elsewhere. The U.S. - China trade war has been increasing the pressure on Apple as well. As one of the company's biggest growth areas, weak Chinese economic performance is also a risk which could significantly impact the company’s returns.

While Apple's supply chain is known for its efficiency, the company's heavy reliance on a few key suppliers poses a risk. Any disruption in the supply chain, such as component shortages or geopolitical tensions, could significantly impact production and product availability. For example, when the COVID-19 restrictions implemented in China, it significantly reduced capacity and slowed shipments of its iPhone 14 in 2022.

Strategic prowess is the cornerstone of Apple’s unparalleled success in the fiercely competitive technology industry. From its corporate boardrooms to the trenches of its functional departments, Apple's strategy permeates every facet of its operations, dictating its trajectory in the global marketplace. This section offers a comprehensive exploration of Apple's current strategy, including its corporate, business, and functional dimensions. Through careful analysis, we unveil the descriptive frameworks that define Apple's strategic approach and delve into the sources of competitive advantage and sustainability that have fueled its success.

**Corporate Strategy:**

Apple, like many modern tech companies, functions with a Board of Directors with Tim Cook as the CEO since the death of Steve Jobs in 2011. Unlike Steve Jobs, Cook uses his role as more of an overall influence rather than having the final and largest say when it comes to decision making. This is given by the fact that Cook is only a voting member on the board instead of the acting Chairman as Jobs was. This role has not diminished Cook’s ability to maintain influence and Apple’s track record set by Jobs upon its founding in 1976. For decades Apple has set itself apart by dominating the high-end, high-quality market segment of the technology industry. Jobs precedent of always taking in customer feedback and creating high value products that put feedback into action still stands as one of Apples largest draws. Cook has taken and ran with Job’s strategy of close contact with his consumers. In a GQ article from 2023, Cook highlights how he starts every morning reading unsolicited emails from consumers providing input and feedback on Apple products. (Baron, Z 2023) He takes those emails seriously as he builds the brand of Apple by taking in every piece of constructive feedback and using it to enhance current operations.

While Cook has taken Job’s example and used it to the company’s benefit, he still maintains that the culture and strategy that is used when undertaking new projects is based more on the future than the past. “We don’t really look back very much at all in history,” Cook says. “We’re always focused on the future and trying to feel like that we’re very much sort of at that starting line where you can really dream and have big ideas that are not constrained by the past in some kind of way.” (Baron, Z 2023) His vision and leadership along with his other top executives works. Since Cooks takeover in 2011 Apple’s market cap has grown from 355 billion to 2.62 trillion. Alongside this Apple has maintained a place at the top of the tech industry when it comes to keeping, recruiting, and growing new executive talent. A Harvard case study, which surveyed and interviewed 853 executives and executive consultants, ranked Apple as the top company in the technology sector and third overall in North America (Groysberg & Abbot 2023). Much of this success can be directly attributed to Apple's cultural structure, which begins with Apple University. Founded on the principles of cultivating top talent to think more like Steve Jobs, Apple University has been instrumental in shaping the company's leadership ethos. By imparting the visionary thinking and problem-solving capabilities exemplified by Jobs, Apple University has empowered executives to confront and navigate Apple's complex challenges with a forward-thinking mindset. This investment in talent development has not only fortified Apple's competitive position but also ensured its resilience and adaptability in the face of evolving market dynamics.

Amidst the cultural ethos of teaching managers to think like jobs, Apple remains steadfast in its commitment to innovation by keeping and maintaining expertise in its different managerial sectors. Apple uses experts to manage other experts since the competition is so fierce in the tech industry. It is structured so that it doesn’t train managers to be experts but teaches experts how to manage more effectively. This aspect of Apples leadership structure has been studied extensively by HBR noting how one of its electrical engineers was able to quickly move up to the VP of applications. (Poldony, 2020) His level of expertise and ability to effectively manage other experts is something Apple consistently pursues within all managerial levels. It also gives way to a sort of cultural competitive advantage that is not as easy to replicate unless you are doing it already or turn your business completely over on its head in terms of governance. This aspect of culture is also one of the key facets of Apple’s linked to its sustainability. A system of experts who train other experts acts as a sort of domino effect that helps further unlock the potential of each dynamic team within the business. It keeps the business on its toes and allows it to be agile in the face of dynamic market changes.

Apple strategically adapts to evolving technological demands by leveraging its resources, forming strategic partnerships, and managing risks. The company focuses on the North American market, which accounted for 42% of its net sales in 2023, prioritizing its top products like the iPhone, MacBook, and iPad (Apple 10-K, 2023).

Apple is dedicated to corporate responsibility, achieving carbon neutrality in operations since 2020 and aiming for carbon-neutral products by 2030 (Apple Inc., 2023). This commitment aligns with societal views on environmental impact and regulatory compliance. Additionally, Apple supports social governance, including workplace diversity and inclusion, and allocates over $100 million to its Racial Equity and Justice Initiative since 2020. Moreover, the company refrains from political involvement, avoiding affiliations or contributions to political parties (Apple Inc., 2023).

**Business Level Strategy:**

Since Apple strategically targets a diverse demographic aged 18-45 in the North American market, aiming to appeal to tech-savvy consumers with significant purchasing power affords them the ability to price its products at high price points. This demographic also comprises of young professionals, students, and early-stage families seeking innovative technology solutions for various needs. For years they have held to this segment of the market and continue to focus their efforts on reaching this group.

In addition to age, Apple's customer segmentation considers different family life stages, such as bachelors, full-size families, and empty nesters. This approach ensures that Apple's products cater to the diverse lifestyles and preferences of consumers, offering solutions tailored to their specific household and entertainment needs.

Moreover, Apple prioritizes consumers with specific psychographic traits, particularly ambition and drive. By targeting individuals who value innovation and self-improvement, Apple attracts early adopters willing to invest in premium products that align with their aspirational lifestyle and goals. This focus underscores Apple's commitment to fostering a community of forward-thinking individuals who embrace innovation and seek to unlock their full potential with the help of its technology solutions.

(Dudovskiy, J. 2023)

Apple diversifies its product offerings beyond its primary focus on the iPhone, aiming to reduce reliance on its flagship product and expand market reach. One example is the Apple App Store, offering millions of apps with in-app purchases and subscription models, enhancing user engagement. While these products may not yield comparable revenue to the iPhone, they bolster Apple's brand and customer appeal. Apple's brand strength, underscored by a 60% consumer adoption rate, sustains its competitive advantage (IDC Blogs, 2021). Focused on delivering premium quality products, Apple maintains its differentiation strategy, augmented by cost-effective manufacturing outsourcing, notably in China. However, recent economic challenges prompted a shift in iPhone 15 production to India (Benedicto, 2023), signaling potential pricing and brand impact adjustments.

**Functional Strategy:**

Apples functional strategy is strongly linked to the level of unity that pulses throughout the organization. Many of its decisions and processes at a functional level are vertically integrated through cross functional teams. (Apple.com) This type of culture allows Apple to function well without silos and still meet tight deadlines and overarching objectives.

The highlight of Apple’s functional strategy is the focus on building products with strong aesthetic appeal for its users. As mentioned before, Apple offers limited customization options, but this is backed by their strong belief that their products are so well designed that the need for mass customization is insignificant. This belief has not limited Apple in its pursuit of innovation of current products, however. Since 2012 Apples R&D expenditures as a percentage of revenues has almost quadrupled from just above 2% to almost 8% in 2023. Apple has chosen to go all in on the further improvement of each subsequent model of the iPhone. In particular, the new iPhone 15 has been in focus over its improvement of the camera to rival Samsung and other Android phone cameras. (Apple.com) The level of detail Apple goes into these kinds of changes is particularly astounding. For the development of this new camera, Apple engaged the efforts of over 100 cross-functional teams, collaborating to implement the necessary changes. While this approach may appear bureaucratic at first glance, its purpose is to gather input from a diverse range of teams to ensure that the specifications are meticulously refined.

While Apple bolsters its efforts in R&D, it is also constantly adapting its technologies to improve operational efficiencies and streamline manufacturing processes. In 2016, Apple forged a strategic partnership with SAP to venture into Enterprise Resource Planning (ERP) efforts (Apple, 2016). This collaborative initiative aims to enhance operational efficiency by offering a technologically advanced approach to documenting various operational systems, including HR, inventory control, logistics, finance, and the entire supply chain. By leveraging SAP's platform, Apple can facilitate individualized interactions with metrics across the supply chain, enabling real-time adjustments and improvements. Moreover, the integration of web and mobile-based support systems enables a more efficient flow of information about manufacturing processes. This accelerated information flow empowers managers to promptly identify inefficiencies and adapt their systems accordingly (Baymout, 2014). Additionally, the partnership with SAP provides Apple with a competitive edge by granting insights into competitor supply chain strategies. This allows Apple to evaluate and refine its own strategies for enhanced production, quality control, and distribution.

**Issues at Hand:**

While Apple's brand reigns supreme, its dominance has become a double-edged sword, inviting substantial opposition. Legislation looms large as a pressing concern, with new entrants constantly seeking innovative pathways into the market, only to find themselves stifled by Apple's formidable presence. Indeed, legislators worldwide are taking aim at the tech giant, launching legal challenges to level the playing field. Just this year the U.S launched a sweeping antitrust suit against Apple claiming that they broke antitrust laws preventing others from creating products that could compete with Apple products like the digital wallet. (New York Times, 2024) They are also facing a suit from the U.S accusing them of monopolizing the Apple iPhone. (U.S Justice Department, 2024) Apple has faced similar concerns in the EU, where it lost a suit claiming that it refused Spotify product offerings but instead listed similar products on its own Apple music store. Clearly litigation is a concern for Apple as it has done some things that are not the best business practices, but the fines they are being forced to pay are small in comparison to the competitive position they have worked their way into, honest or not. The last time Apple faced suits from the Justice department over monopoly of eBooks in 2012 they were forced to pay $450 million dollars, but this never truly tarnished Apple’s reputation. (Fry, 2024) This time around we can presume the Apple brand will again remain strong.

Apple’s usual market of choice has remained steady but a recent article from this year highlights that Apple has decided to back away from one of its peripheral products and decided to instead wage an uphill battle in the AI market. (D. Gallagher, 2024) Cook and his staff have chosen to shut down their R&D operations for the Apple Car prospect, Project Titan, and begin a journey to compete with Microsoft, Nvidia and droves of others in the AI space. Their swift change toward this market has been highlighted by their large number of AI startup acquisitions during 2023 (CDO Magazine, 2024). Among these is a Canadian startup, Darwin AI, which has one of the more sophisticated natural language processing algorithms to date. Apple’s approach in this segment is about implementing AI on a device level as opposed to running on the cloud, and Darwin AI gives Apple access to tech with the capabilities of inspecting components during the manufacturing process. (O'Flaherty, K. 2024) AI is at the top of every investor’s watch list and it's safe to say this is a better choice than the low-end margins provided by the car market, but Apple is at the bottom of the totem pole here, so they are facing some significant headwinds against other tech giants like Nvidia and Google who have been dominating the AI market.