

INFOTSAV'11

ANALYST

The Case Study Contest

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ABV-IIITM

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Introduction

“Innovation distinguishes between a leader and a follower”

- Steve Jobs(Co-Founder Apple Inc.)

Apple, Inc. is an electronics and software company based in California, USA. Originally known as Apple Computer, the company is familiar to most people as innovators of the personal computer as it is known today. Apple Computer had introduced many of the now-commonplace features of personal computers, including the GUI, the mouse, the floppy disk drive, and color graphics. The restructured company, now called simply Apple, designs, markets, and sells not only personal computers but also consumer electronics in the form of portable media players and smartphones. The Apple Store chain operates over **357** branches worldwide, where the devices and software are sold and serviced.

As the first of the World's Most Innovative Companies (Business week, 2011) and the 17th of the Best Global Brands (Interbrand, 2011), Apple has succeeded in strategic leadership and innovation, which has drawn attention from the world recently. The evaluations of the CEO Steve Jobs as the strategic leader and explanations of Apple's strategic innovation are involved. The final section is our recommendations to Apple.

Apple Computer first introduced its products at a local computer club in early 1976. Since then it has been a constant innovator in the diverse technological fields. The iPod media player with the iTunes music service, iPads, iPhones, and Apple Laptops all proved to become a huge success in digitalizing entertainment. The Extravagant leadership, the loyal customer base and the surprise and thrill were the key points in the success of Apple Inc. Though the demise of Steve Jobs is a big blow for Apple Inc., but his vision has provided his successors a mission to live for.

THE CASE STUDY CONTEST

Key Features of Apple Inc.

General Key Features:

In the stage of analyzing the key features of Apple industry, the first method is the Porter's five forces model. It divides into five parts, threat of new entrants, threat of substitutes, bargaining power of buyers, bargaining power of suppliers and competitive rivalry within an industry .

Firstly, for Apple, there are some new entrants have disruptive power. For example, some online services which are similar to iTunes. However, there are numbers of high requirement for new entrants to get in the market, for instance, time and cost of entry.

In the part of substitutes, nowadays, large amount of substitutes have good performance, they cost lower, are easy to switch, but only few of them have same quality as Apple's products in the same price.

In terms of bargaining power of buyers, it is an influential trouble for Apple. Although Apple has vast and loyal customers, every buyer and retailer all want better stuff in lower price. Moreover, they may reduce spending on Apple's products if their economy downturn.

External Key Feature:

The industry is moderately attractive overall. The established players have a history of success and innovation, but competitors who fall behind the fast moving technological curve, or cannot compete efficiently on price or differentiate effectively are eliminated.

The new entrants are possible, the cost in dollars and time of successful branding are a hindrance. While some users may move most of their computing activities to truly mobile devices like smart phones personal computers are likely to remain a tech staple for the foreseeable future.

Internal Key Feature:

The industry of product diversification and innovation for long term development in music, internet and computer .There are many integration of software and hardware in Laptop, iphoto, ipod, itune, iphone, Wireless internet. Other important features are technological improvement with unique design and transended barriers of computer industry to cross many aspect of industries like iPhone, iPod, iTune etc.

Loyal customer base:

Apple has a large group of customers that are too dedicated and passionate about their products, or the company as a whole. The reality is far more simple and obvious: Apple simply has a large group of very satisfied customers and that's the secret ingredient left out of nearly every analysis.

An ambitious leadership:

Apple co-founder Mr. steve jobs spoke at Apple presentations, almost always in faded blue jeans, sneakers and a black mock turtleneck, legions of Apple acolytes listened to every word. He often boasted about Apple successes, then coyly added a coda "One more thing" before introducing its latest ambitious idea.

Our evaluation of Steve Jobs as a strategic Leader

Steve Jobs is known as a visionary and a genius. It is not surprising that he have rendered valuable contribution to the society, specifically in the IT world. He was master in a strategic leader who was willing to invest in new innovative products and services, that are built on the concept of using existing technologies to create "customer and market" based businesses. The interesting thing is that even when he fails he admits his mistakes and tries again. He was clearly the Thomas Edison of our time, since Edison always built on existing technologies and has his share of failures, along with major successes. We need more innovative executives who practice the art and science of market based strategic leadership.

He leaves behind deep bench of talent at Apple " high integrity products is a key component of Apple's ability to remain competitive in environments where maintaining a competitive edge is for some a distant dream. He has compiled an integrity manual. Without integrity the foundation on which goals and plans are laid eventually cracks. In the words of Johnson, "Integrity without knowledge is weak and useless, and knowledge without integrity is dangerous and dreadful." As the ability of organizations to maintain a competitive edge becomes more challenging, integrity mixed with strategy becomes a winning combination.

He was one of the great minds behind the innovative alterations in personal computers with the introduction of iPad. This fusion of glass and aluminum paved its way from laptops and netbooks and created a niche of its own. Its skyrocketing sales proved that people want small and lightweight yet very functional devices. Jobs's leadership, Apple morphed from a struggling niche personal computer maker catering to hipsters and the design industry into a global mass-affluent gadget brand. As it did so, Apple didn't just create wealth for investors who had the foresight to buy the stock when it was in the double digits. Rather, Jobs's genius, and his great contribution, was to create platforms, devices, and economic ecosystems on which other businesses and industries could create new economic arrangements.

The iPhone and iPods are not mere devices for a person's convenience; they became innovative gadgets that can do so much more. The devices were linked with other Apple's technologies allowing users to get more than what they paid for. One of the trademarks that Steve Jobs left is his pursuance of minimalist design. Jobs go for minute appearance but jumpacked with capabilities. This is evident to the evolution of Mac computers to iPad sporting simple yet sleek and sophisticated designs.

October 07, 2011 one of the greatest minds in the IT world that brought great changes quietly passed away in his home surrounded by his family. His physical body may leave this world but his legacy will not.

Apple and its strategic innovation

Apple is innovative company in the world, innovate and create game-changing innovations such as the iPod, iTunes, iPhone, iPad and many more. Apple has built an **Innovation Factory** – one that harnesses creativity in its people, stimulating new ideas, and launching successful, profitable new innovations... Apple leverages its diverse culture, innovation processes, partners and networks to seize the new opportunities in the marketplace and grow its business...exponentially...

Apple innovates through:

1. Creativity and Innovation:

Successfully created cultures of innovation and creativity suggest that one key is to abandon efficiency as a primary working method and instead embrace participation, collaboration, networking, and experimentation. This does not mean that focus, process and discipline are not important; just that innovation and creativity require freedom, disagreement, and perhaps even a little chaos-especially at the beginning.

2. Innovation in Products:

Apple has sold little over 14 millions iPads through the first two quarters. This means, another 31 million iPads will be sold in the last two quarters. Recently, Apple has upped its local TV iPad 2 advertisements, and is poised to sell significant numbers of iPad 2 at home in the US, and worldwide! Apple will also announce the iPad later in the 4th quarter, along with the shipment of iPhone 5. Finally, Apple iCloud is also rolling out in the 4th quarter.

3. Innovation in Business Model:

Apple's business model in resolving an internal debate about the antenna, a product design decision that I'm confident Jobs now regrets. In the business world, the benefit promise that converted PC and Blackberry users to the Apple brand is that the company's products "save you time and minimize frustration." Genius ergonomics make Apple products effortless to use. Apple's effortless products also enable users to better manage more digital information, making Apple products time-savers in our lives.

4. Innovation in Customer Experience:

Apple places a great deal of emphasis on product design including look and feel of the product. It is about the customer experience. Besides the external design that we see, there are dozens of other great product decisions being made under the skin. Apple does a great job at operating across the spectrum of Kano curves. Apple is the undisputed leader among technological companies for creating products that is border on art. They create products that are not only a delight to use but also provide a strong visual and emotional attraction to customer.

5. Innovation and Leadership:

Leaders play a central role in the process of managing organizational knowledge. Leaders provide vision, motivation, systems and structures at all levels of the organization that facilitate the conversion of knowledge into competitive advantages. Managing knowledge requires a conscious effort on the part of leaders at all levels of the organization to manage three key knowledge processes: creating, sharing and exploiting knowledge.

6. Steve Jobs Leadership:

Steve Jobs was a very persistent person and it was most exemplified through his exit from Apple. He would not give up, but went on to start NeXT computers which would eventually be acquired by Apple Computers Inc. He saw the power of innovation in building his company. We can see the innovating power of Apple Computers Inc as it continues to take market leadership in the industry.

Apple, its closed ecosystem and proprietary approach

In 1984 Apple spent \$900,000 on a commercial during the Super Bowl, and Apple introduced the Apple Macintosh for the first time. It is regarded as a masterpiece in advertising and one of the most successful commercials of all time. They are increasingly turning back to Apple as the only force that can ensure their future freedom.

Apple marked a Continuation of innovative products in terms of premium merit .It is in high demand by superior consumer. It has also strong market reputation & a unique culture in IT sector. Apple show your interest toward locking developers into its Apple-controlled and dominated ecosystem. A far from this, Anti apple users are very large in number. It is localised in market .In terms of market share, Apple mania contribute only to a low world market. The mistakes stem from the pursuit of making great products. They control the ecosystem because people left to their own devices would make the products less great.

Problems with apple's ecosystem can be understood by its failure in India. So apple should rethink its closed ecosystem, because its price is too high, low customization and low market share. They should focus on developing countries like India, China, Sri Lanka etc. Because here badge matters to some extent, but money is paramount .They should think of their interaction with customers.