Assignment 2: External and Internal Environments

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As one of the most successful companies in the world, Apple Inc. has many aspects worthy of analyzing, and this article will uncover the strengths and weaknesses with internal and external factors affecting the company.

**Strengths and weakness**

**The greatest strength**

Apple Inc. is a company in the industry of telecommunications equipment, and as Apple's annual report in 2018 (Apple Inc.,2018) wrote that "provide its customer's products and solutions with innovative design, superior ease-of-use and seamless integration" (p.2). And in my opinion, the design of Apple's products is the greatest strength. The design of the hardware and operating system with applications provides the customers with unprecedented operation experience, and the neat appearance of the products are seamlessly attracting the customers to buy. The tactic of taking maximum advantage of its strengths is giving more options to the customers for their demand. Now Apple could carve letters on the products and provide many colors of the products for the consumers' favors. These behaviors indicate the transformation of the tactic in marketing, and Apple should go further.

**The most significant weaknesses**

One of the most significant weaknesses is that the critical components of products of Apple are outsourced by a single supplier (Apple Inc.,2018). If the single supplier has a contradiction with Apple, it will adversely affect Apple in the short term. The industry Apple operates is highly competitive, and short-term influence is enormous as the competitors could introduce products with the functions that Apple lacked. The other most significant weakness is the increasingly conservative tactic of product introduction. In the recent new Apple product release conferences, consumers only find the little innovations of the products like the more powerful CPU and better camera with higher resolution. As Apple has become the leader of the telecommunications equipment, it hardly evolve due to the fear of failure in advanced innovation or intensive R&D investment like the Nokia in which the fear of failure of top managements hinders the long term innovation and they spend efforts on the products innovation to meet customers' demand in short-term (Vuori, T. O., & Huy, Q. N., 2016). The tactic to overcome the first weakness is to provide much more personized options of products for consumers. The other weakness is far harder to tackle, and the one solution is that the top managers must have a great vision, and they do not be kidnapped by the short-term shareholder interest. As sometimes, the senior managers have much pressure to keep the stock price increases so that they ignore the massive innovation due to the high risk of change.

**Tangible and intangible resources**

For tangible resources, Apple continues to expand the number of its retail stores all over the world (Apple Inc.,2018), and there are 506 Apple retail stores worldwide (Farfan, 2019). Those retail stores with knowledgeable salespersons could provide professional buying instructions for customers and convey Apple values, which are one of the core competencies of Apple. For intangible resources, there are 2160 patents granted in 2018, and Apple would invest 13 billion dollars in R&D in 2019 (Kifleswing, 2019). Those patents are one of the core capabilities of Apple, and intensive investment in R&D has transformed into the technology progress. Another core capability and competence is the design for the products of Apple. Apple always translates the complex function into simple usage just as the products' appearance, being simplicity.

**Two segments of general environments**

The two segments of general environments are global and regional economic conditions. The company has global activities with deals outside the U.S., a larger part of the company's total net sales. What's more, a more significant part of the company's production network and its assembling and gathering exercises are situated outside the U.S. Therefore, the company's performance depends altogether on worldwide and territorial economic conditions.

The macroeconomic conditions, including inflation, slower development or downturn, new or expanded duties, changes to financial and money related arrangements, more tightly credit, higher loan costs, high joblessness, and cash vacillations could physically unfavorably influence interest for the company's operation performance.

**Two forces of competition**

The two forces of competition are price competition and rapid technological change.

**Price competition**

The competitors’ strategy is the price war, other brands use the cheaper price compared to Apple but providing the similar function of their products. Under the price pressure, Apple usually set the old products down to compete with other brands. However, the products of Price of Apple’ s products relatively higher than the other brands.

**Rapid technological change**

The corporation's capability to compete successfully depends strictly on its ability to make sure a persevering with and timely creation of innovative new merchandise, services, and technologies to the market. As a result, the company should make considerable investments in R&D.

**The greatest external threat and opportunity**

**The greatest external threat**

The greatest external threat to Apple is rapid technological progress. The technology develops so fast that Apple hardly to predict the trends of technology application in products. However, the massive investment in R&D is precarious as the return is not predictable. To address the problem, the strategy of competitors is rapid product introduction to avoid falling behind.

**The greatest opportunity**

The greatest opportunity for Apple is the industry of wearables devices. Take the Apple watch as an example, Apple Watch accounted for 54% of all smartwatches sold worldwide in Q1 2019 (Reisinger, 2019), and the reason for popular of Apple watch is that Apple watches integrate the exercise monitor and healthcare like the reading the heart rate and heart rhythm. Apple has pinpointed what the Apple watch should be after releasing several generations of Apple watch. There isn't just Apple watch to develop, and there must be more wearable devices.

**Conclusion**

Established in the 1970s, Apple has become a tech giant and influences the whole industry. But when becoming the leader of the sector, it needs more effort to keep going on. Telecommunication equipment is a highly competitive industry and the new overlord overtake the old money like Motorola and Nokia. Nokia beats Motorola, however, defeated by Apple. Through detailed analysis for Apple, people could know why Apple could succeed.

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