Company Analysis and Strategy Formulation to Improve the Performance of Apple Inc

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***Abstract*---** In business management, some of the notable goals and objectives formulated by companies include the need to create customer bases, attain strategic positions and competitive advantages, improve performance, diversify through internationalization, promote sustainable development and corporate social responsibility, and attract talents while retaining the existing expertise.
***Keywords*---** Analysis and Strategy, Global Market Share, Specific Product Lines, Stock Performance.

I. Introduction

THIS trend has been associated with the need to adjust to the ever-changing needs of user groups, as well as the preferences of stakeholders. Additionally, the formulation of these goals and objectives has emerged because of the demand for creativity through invention and innovation at the individual, departmental, and organizational levels (Csaszar, 2013). With these attributes perceived to be inevitable, it becomes critical to conduct a company analysis with the intention of gaining insight regarding the current state of performance, forming a foundation towards the formulation of strategies that might yield an improvement in economic outcomes. This paper focuses on Apple Inc., striving to conduct a SWOT analysis to understand its current state of performance in the specific field of operation, upon which strategies will be devised with the objective of enhancing the company's level of customer satisfaction and talent retention. The following section provides an overview of the firm, Apple Inc.

II. Company Overview

Apple Inc. forms one of the global multinational technology firms. The company's headquarter is in California's Cupertino zone, engaging in the design, development, and selling of computer software, as well as consumer electronics. Additionally, the company's hardware products include the Apple Watch smartwatch, iPod portable media player, the Mac personal computer, the iPad tablet computer, and the iPhone smartphone. Additionally, online services at Apple include the iCloud, the Mac App Store, the iOS App Store, and the iTunes Store (Damanpour & Aravind, 2012). It is also notable that the company produces consumer software such as the Safari web browser, the iTunes media player, the iOS operating systems, and the OS X.

The company was founded on April 1, 1976 by Ronald Wayne, Steve Wozniak, and Steve Jacobs. The intention of these founders was to foster the development and sale of personal computers. In terms of revenue, the company has been documented to be the globe's largest information technology organization. A similar outcome has been witnessed in terms of Apple's assets. It is also worth noting that Apple has been reported to be the second largest manufacturer of phones in the world. The year 2014 saw the company become the largest corporation that is publicly traded in terms of market capitalization, valued beyond $700 billion (Heracleous, 2013). Also, the fiscal year ending September 2015 witnessed Apple's global annual revenue adds to $233 billion, accounting for about 1.25 percent of America's GDP. Therefore, Apple enjoys high levels of brand loyalty; with a valuation of $118.9 billion reported in 2014. Despite these promising outcomes, the company has been criticized in terms of business practices and its environment, as well as labor practices (Lehman & Haslam, 2013). The following figures illustrate summaries of financial performance at Apple Inc.

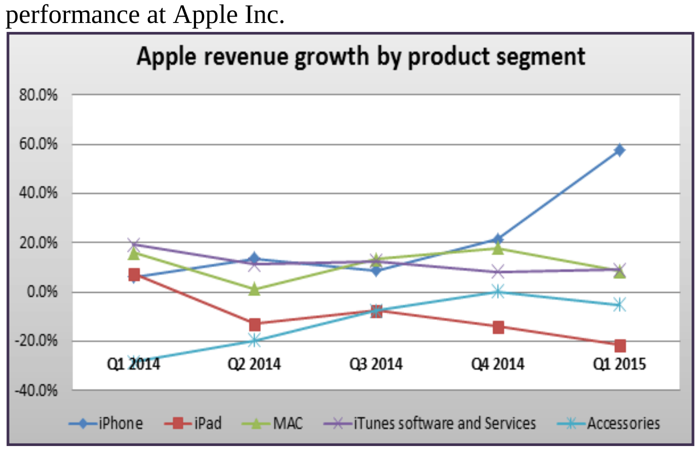

Figure 1: Product Differentiation at Apple
Source: Heracleous (2013)

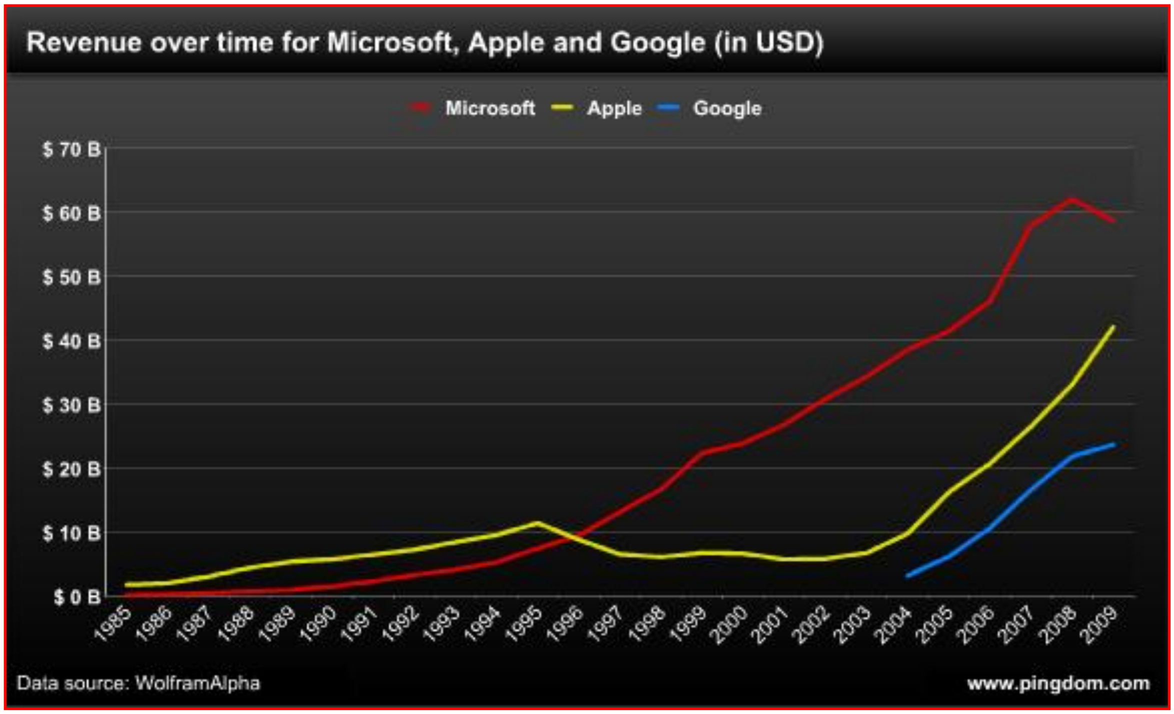

Figure 2: Apple's Global Market Share
Source: Lehman and Haslam (2013)

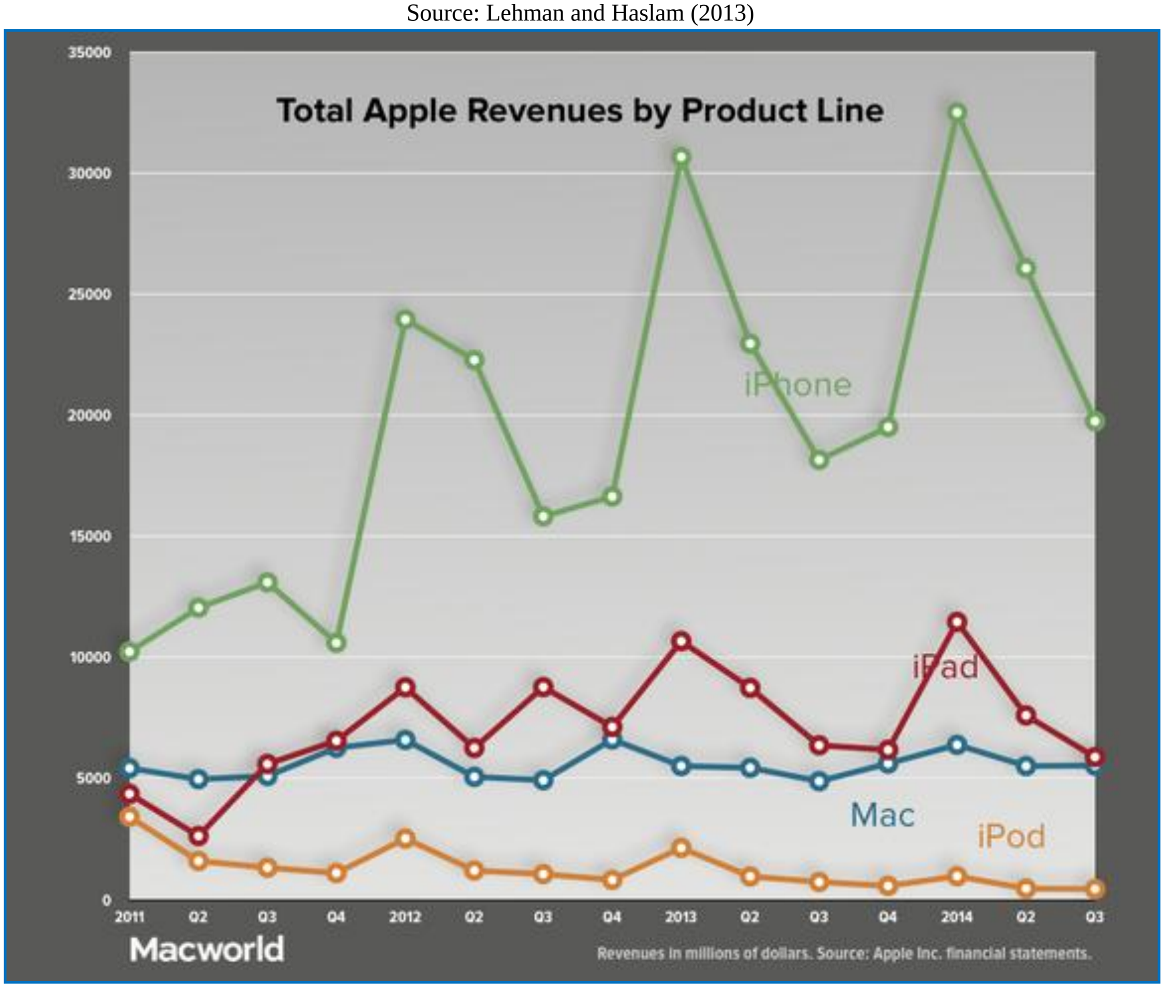

Figure 3: Total Revenues in Apple's Specific Product Lines
Source: Heracleous (2013)

Figure 4: Apple's performance in relation to AAPL stock performance
Source: Lehman and Haslam (2013)

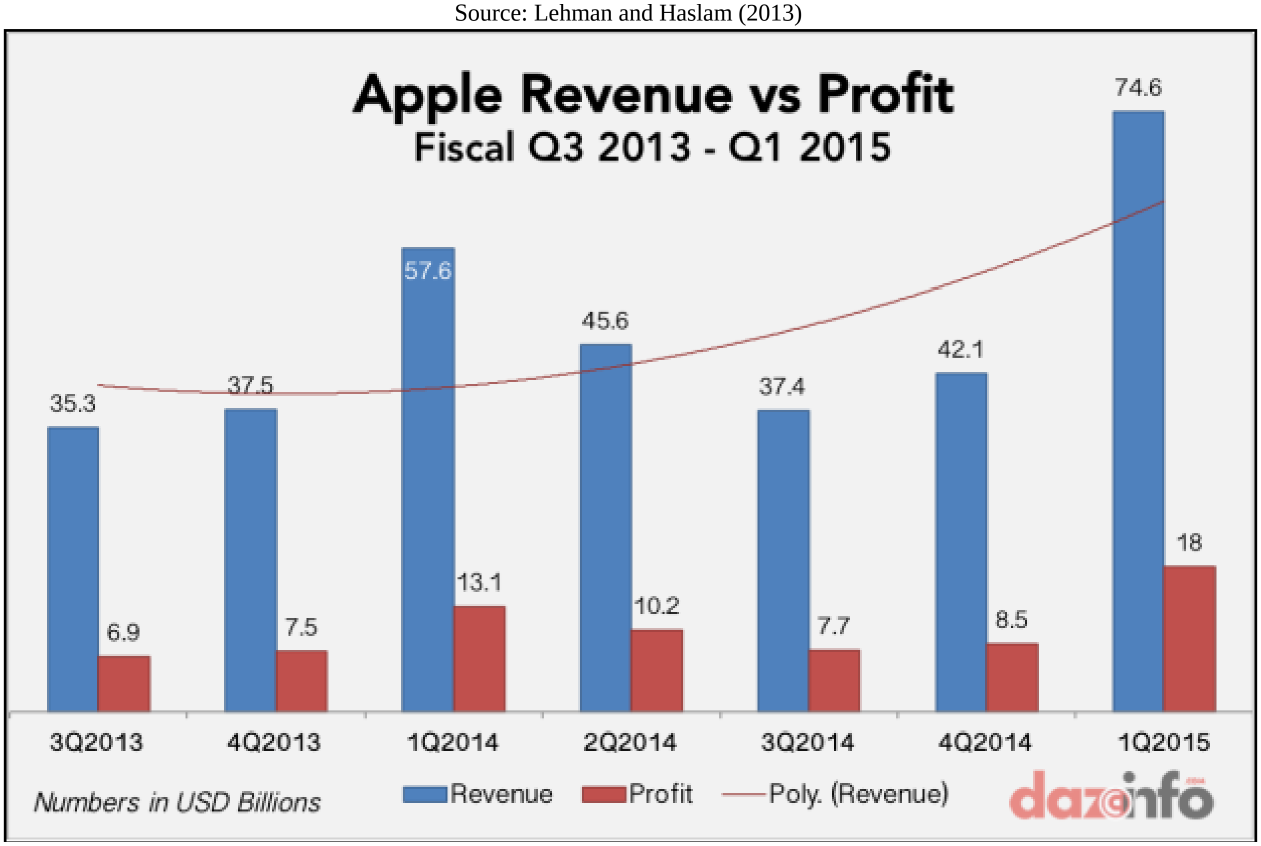

Figure 5: Revenue Versus Profit at Apple Inc.
Source: Heracleous (2013)

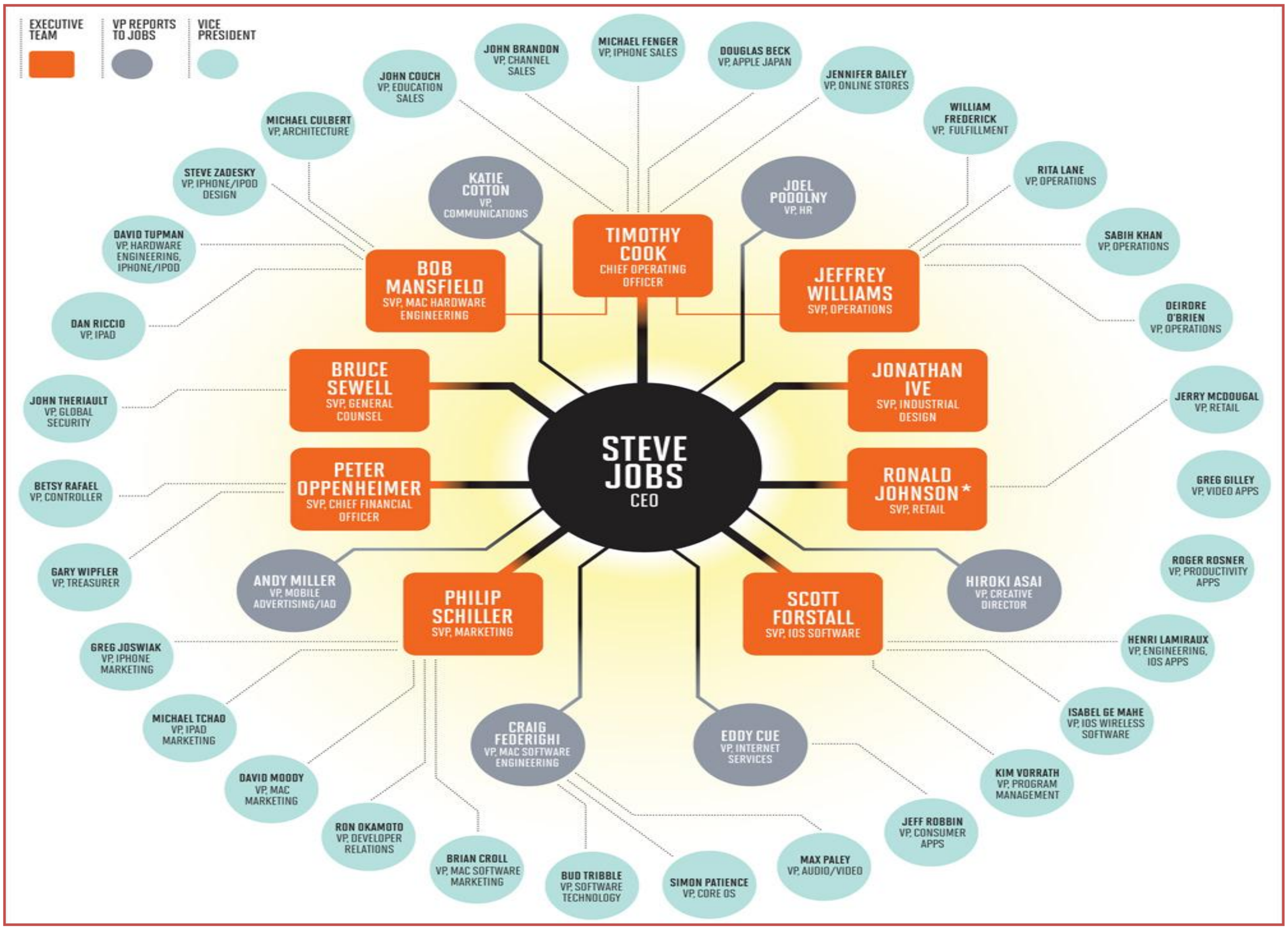

Figure 6: The organizational structure of Apple Inc.
Source: Lehman and Haslam (2013)

III. Applying the Product Life Cycle to Understand Apple's Business Level Strategy

In business operations, a product life cycle has four steps. These steps include the introduction, growth, maturity, and decline. The following figure illustrates the four stages of a product life cycle.

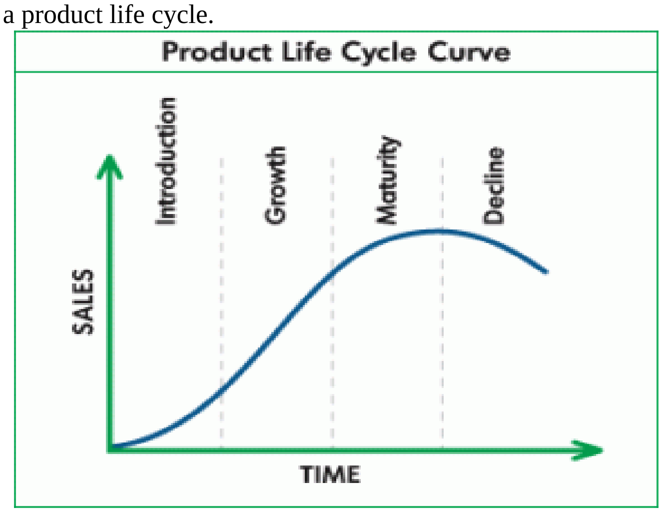

Figure 7: The Product Life Cycle Illustrated
Source: Csaszar (2013)

At Apple, the company is in a constant effort to keep itself in both the growth and the introduction stages. The introduction stage has been evident through inventions and innovations that saw products such as iPads and iPhones emerge. Regarding the growth stage, the company has sought to prevent its products from reaching the maturity and decline stages by fostering a constant innovation of new features that seek to embrace dynamism while satisfying the needs of an ever-toughening marketplace. Also, the firm has sought to maintain its products in the growth stage through practices such as changes in product styles, improved technology, and improved product quality (Lehman & Haslam, 2013). A sample of Apple's selected products and their life cycle is shown below.

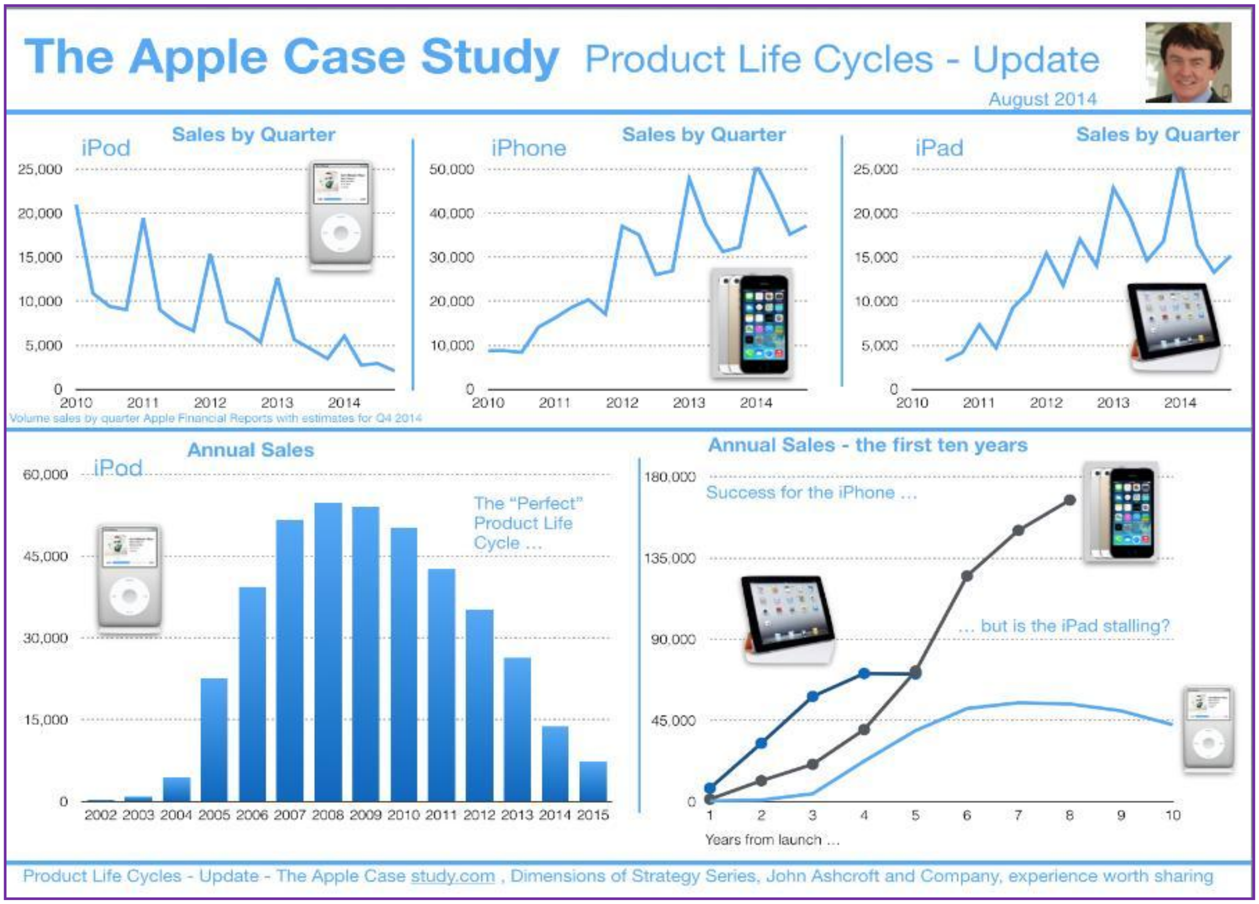

Figure 8: A Life Cycle of Selected Products at Apple
Source: Heracleous (2013)

IV. Corporate Level Strategy at Apple

The type and extent of diversification shapes firm success. Therefore, corporate level strategies lead to varying extents of diversification in which the latter constitutes the nature of linkages (such as horizontal, vertical, or none). To elaborate this concept, it is crucial to focus on case examples. AT&T, whose operations entail the market of computer and telecommunications, forms a perfect example of a related diversified company. On the other hand, International Papers, whose operations range from forestry to finished paper, typifies a vertically integrated company. Another company that gives insight into this element of corporate level strategy is Textron. The company operates in businesses such as writing instruments, chain saws, and helicopters. As such, the organization epitomizes an unrelated diversified conglomerate. For the case of Apple, it operates only in the PC market (Marengo & Pasquali, 2012). The implication is that the company exemplifies a non-diversified and single business firm. Some of the products supplied include Mac mini, MacBook Pro, Mac Pro, iMac, iPod, Apple TV, Magic, Watch, iLife, and iWork. Others include the iOS, iPhones, iPads, and the iPod nano (Sloman, Hinde and Garratt, 2010).

It is further worth highlighting that Apple operates multiple businesses that compete on different levels, including its extension in China. Specifically, the level of relatedness in these global branches constitutes a forward vertical integration with the aim of adjusting the supply chain to move closer to the customer. It is also evident that products at the company's headquarter and in the branches exhibit a similarity in terms of the firm's vision and mission in various ways. For instance, the company's products adopt a similar design technique without changing formats. Also, the company has retail stores on a global scale, complemented by online stores that have enabled the firm to foster comfort among users. Regarding the implementation of this single corporate level strategy, an excellent customer support provision implies that both the in-store services and phone conversations have continually created a significant customer base. An attraction and motivation of users has also been evidenced through provisions such as warranties and an acceptance of returns and exchange. In turn, precision during product manufacture and, desirable designs account for the eventual realization of its reputation among the current and potential customers.

Apart from the advantage of moving closer to the customers, an adoption of a related diversification at Apple has posed other merits. For instance, the step has provided the company with an opportunity to share resources while ensuring that the same trademark is used. Additionally, the strategy has enabled Apple to produce complementing products, leading to a further expansion of its market base. Furthermore, a related form of diversification ahs seen Apple spread risks through the penetration of similar markets while guaranteeing regular supplies and lower prices; besides better quality. The strategy has also yielded the achievement of economies of scale by eliminating or significantly reducing certain expenses, such as those involving transportation logistics. Additionally, related diversification ahs led to a better utilization of opportunities to share similar management techniques, common distribution channels, skills and expertise, and technologies (Marengo & Pasquali, 2012). Lastly, a synergy effect has been felt by Apple (through the related diversification approach) in such a way that the integration of activities has led to a great sum of outcomes.

V. Conclusion

Overall, it is evident that Apple's course of endeavor and status is likely to be maintained. Specifically, the issue of adopting a related diversification ideology might prevail because of the significant merits experienced. Similarly, the business level strategy of maintaining its products in the introduction and growth levels of the product life cycle is likely to be maintained because of the ever-emerging inventive and innovative products that have sought to satisfy the ever-changing needs of customers. It is further evident that Apple's state of organizational structure is likely to be maintained for a significant period, evidenced by the fact that very few structural changes have been witnessed in situations where senior leaders and other managers have been replaced. In summary, it is projected that Apple's stability in the toughening and competitive marketplace might be witnessed for a long time – as seen in both the current and projected economic, as well as financial outcomes.

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