

SWOT analysis and Encapsulation of Apple Business Model

Dr. Anuradha Averineni¹,

¹Assistant Professor, Koneru Lakshmaiah Education Foundation, Vaddeswaram, Andhra Pradesh-522302, India, E-Mail: anu.averineni@gmail.com

Dr. Venkateswararao.Podile²

²Professor & Head, BBA Department, Koneru Lakshmaiah Education Foundation, Vaddeswaram, Andhra Pradesh-522302, India, E-Mail: vraopodile@gmail.com

Abstract

Apple Computer, Inc. is a Public Limited Company. It was founded on 1st April, 1976. It was founded by Steve Jobs, Steve Wozniak and Ronald Wayne. It serves worldwide with retail stores. Its Headquarters is at Apple Park Way, Cupertino, California, U.S. It relates to consumer Electronics, Software and Online services Industry. In this Paper an attempt is made to analyze the strengths, Weaknesses, Opportunities and Threats of Apple Computer Inc. An attempt is also made to analyze Customer Segments, Value Proposition, Channels, Customer Relationships, Revenue Streams, Cost Structure of Apple Computer Inc

Key Words: Apple, SWOT, Customer Segments, Revenue Streams

Introduction

Apple Computer, Inc. is a Public Limited Company. It was founded on 1st April, 1976. It was founded by Steve Jobs, Steve Wozniak and Ronald Wayne. It serves worldwide with retail stores. Its Headquarters is at Apple Park Way, Cupertino, California, U.S. It is traded as Nasdaq-100 Component, Its ISIN is US0378331005. It relates to consumer Electronics, Software and Online services Industry. In this Paper an attempt is made to analyze the strengths, Weaknesses, Opportunities and Threats of Apple Computer Inc and to analyze Apple Computer Inc Business Model

Review of Literature

David Sjodin, Vinit Parida and Marko Kohtamaki (2023) had dealt with Artificial intelligence enabling circular business model innovation. Goklas Siahaan, PilifusJunianto, Andi Tenri Pada, Carolina F. Sembiring and Desideria Regina (2023) propounded Zero Waste Business Model. Haochen Guo and b Junic Kim (2023) examined China's New Retail Business Model with Super Species case study. Heidi Coral Thornton (2023) dealt with Business model change and internationalization. Herald Galingga Wira Shenta and Avanti Fontana (2023) analyzed Optimizing Value for Customer Segment through Transforming Business Model Canvas in case of MSMEs. KresnawidiansyahAgustian, Endang SaefuddinMubarak, Agustian Zen, Wiwin and AuliaJanuar Mal (2023) dealt with the Impact of Digital Transformation on Competitive Advantage and Business Models. Lukas Vartiak, Miriam Garbarova and Juraj Fabus (2023) have done Comparative Analysis of Business Models of Selected Accommodation Portals. M. Riesener, M. Kuhn, S. Schümmelfeder, and G. Schuh (2023) examined Business Models in the Manufacturing Industry. Montijn van de Ven and Paola Lara Machado, Alexia Athanasopoulou and Banu Aysolmaz, Oktay Turetken (2023) dealt with Key performance indicators for business models.

Objectives

The study namely “SWOT analysis and Encapsulation of Apple Business Model” is done with the following objectives.

1. To examine the strengths and weaknesses of Apple Computer Inc
2. To explore Opportunities and threats of Apple Computer Inc
3. To Probe into Customer Segments, Value Proposition and Channels of Apple Computer Inc
4. To explore Customer Relationships, Revenue Streams and Cost Structure of Apple Computer Inc

Methodology

The study namely “SWOT analysis and Encapsulation of Apple Business Model” is a descriptive study. An extensive survey of literature on Business Model drives to the conclusion that there is no specific study on Apple Business Model as well as on SWOT

analysis of Apple Computer Inc. Hence, in this Paper an attempt is made to analyze the strengths, Weaknesses, Opportunities and Threats of Apple Computer Inc. An attempt is also made to analyze Customer Segments, Value Proposition, Channels, Customer Relationships, Revenue Streams, Cost Structure of Apple Computer Inc

Discussion

Strengths

The SWOT framework's Strengths component recognises Apple's strengths so that it may exploit its vulnerabilities, seize opportunities, and fend off threats.

Brand Equity

For the seventh year in a row, Apple's brand worth has climbed to \$612 billion, according to Interbrand. Due to its cutting-edge technologies and distinctive style, Apple is unquestionably the most recognised brand in the world. According to some reports, by 2022 it will rank third in terms of brand value.

Original Products

When Apple releases a final product, their work is not finished. They start working on creating a new one as soon as one is finished and launched. They don't waste time keeping tabs on product sales. "We are already working on the following product when we release one.

Numerous Product Options

Apple is able to turn a profit because of the variety of products they provide. Product lines include Electric Vehicles, Software, Mac, iPod, iPhone, iPad, Apple Watch, Apple TV, and Apple Energy.⁴ Design & Technology

The best aspect of Apple, and the basis for its fantastic brand equity, is both its design and the technology it employs. Apple's product design has always been sophisticated and elegant.

Weaknesses

First, Expensive Goods

Apple items can appear to be an upscale luxury due to their high price. The prices of the goods are intended to appeal to middle-class and affluent buyers. People of low incomes cannot purchase Apple items.

2. Loss of Market Share

Due in large part to their reliance on the iPhone and iPad series, Apple's market share is also declining. It suggests that Apple's business might be impacted if the demand for these products declines.

3. Limited Promotions & Advertising

By cultivating committed clients, Apple has managed to maintain its position despite making little promotional investments. The well-known and flagship retail locations of Apple play a significant role in its marketing strategy.

4. Less selection in phone design options

There isn't much of a visual distinction between the iPhone and the iPhone 8 in terms of appearance. It stayed close to its original appearance. The impression that you've been utilising the same things for a long time is created by this.

5. Fulfilling Client Expectations

Since the 1980s, Apple has dominated the market, and consumer expectations are rising rapidly. It is challenging to live up to the high expectations held by Apple's customers each year.

Opportunities

1. Consistent Clients

Due to its significant market share and well-known brand, Apple is seeing an increase in demand for its multiple devices. Users of Apple products demonstrate their brand loyalty by showing an interest in new gadgets.

2. Professionals with experience

The product experts, researchers, and developers of Apple are highly skilled professionals with a wealth of experience in consumer product branding. Apple's staff expansion gives them the ability to continually develop new opportunities.

3. Increasing Technology Dependence

People are becoming more and more dependent on technology, especially cell phones. They were more enthusiastic about handheld electronics. As a result, the demand for cellphones may keep growing quickly.

4. A lack of environmentally friendly tech

Apple has not yet made any products with eco-friendly technology available. The business hasn't yet used or participated in the creation of sustainable, environmentally friendly technology.

Fifth. Globalization

Consumers can now get technology products extremely easily because to market globalization. This enables clients to quickly obtain their items from reliable businesses. Additionally, it boosts sales, which raises the profit margin.

Threats

1. Disruption of the Supply Chain

The organization's operations have been impacted and disturbed by a number of recent occurrences. It announced flat sales for the second quarter of 2020 due to supply chain instability and declined to forecast yearly revenue for FY2020.

2. Changes in Technology

Nearly every day, consumer electronics are at the forefront of technology. Keeping up with the latest trends will be a big challenge for the business. Apple has so far released a number of ground-breaking items. Apple hasn't officially disclosed its new product plan, though.

3. Fresh rivals

Despite its fame as a brand, Apple nevertheless faces threats from rivals. Technology developments have made it possible for Samsung, Google, and Dell to compete against Apple. There are further choices. The biggest concern is the emergence of powerful rivals who sell comparable goods for less money.

4. A Coronavirus Epidemic

China plays a significant role in Apple's supply chain and manufacturing. Furthermore, 14.5 percent of its \$274 billion in revenue came from China. Apple's revenues have been significantly impacted by the outbreak and may still be doing so in the fiscal year 2021.

5. Tablet and smartphone market potential

The demand for smartphones has historically decreased by 3%. There could be a number of causes for this

Most people do not see any compelling reason to buy a new mobile phone when their old one works perfectly well.

Customer Segments

Customer segmentation is the process of dividing customers into groups based on common characteristics so companies can market to each group effectively and appropriately.

TYPES

- 1.Geographic
- 2.Demographic
- 3.Behavioural
- 4.Psychographic

Value Proposition

A value proposition is a promise of value to be delivered, communicated, and acknowledged. It is also a belief from the customer about how value will be delivered, experienced and acquired **Value Proposition 1: "Think different"**

Channels

A channel of distribution for a product is the route taken by the title to goods as they move from the producer to the ultimate consumer or industrial user. It brings maximum profit to all. The channel of distribution is very important to the producer and the consumer.

Both Apple's physical stores and its online store are part of their direct distribution method. Apple's physical storefronts give them the ability to effectively manage their brand's perception among consumers. As a result of seeing the same design everywhere, consumers develop a very strong brand image. Additionally, they frequently open their businesses in busy areas to maximise visibility. Apple sells straight through its website as well. Their website is available in a wide variety of languages and may be accessed from anywhere in the world.

Even Nevertheless, despite all of Apple's efforts, a sizable portion of their sales and income come via channels of indirect distribution. Apple goods are available for purchase from carriers and independent retailers. This includes discount- and convenience-oriented retailers like BestBuy, Walmart, and Target. Apple sells its products through independent businesses and cultivates a positive brand image through its physical locations.

Customer Relationships

Customer relations refers to the process used by businesses to engage with customers and foster long-term relationships with them. Right from assisting customers with their day-to-day queries to creating long-term policies that lead to customer success

1. Posting a Tip a Day

A pillar of Apple's Twitter strategy is to post one tip each day. These tips make customers appreciate their Apple products even more because they help them discover features they might not have known about. Apple often presents these tips with images or short videos, which are easy for people to consume and share across their own social media networks.

2. Constantly Answering Customer Questions

While the Apple Support account posts tips and tricks, most of their effort is spent helping customers sort out issues with their Apple products and services. Simply answering customer questions makes up the vast majority of their tweets. Combining these two things (posting their own content and answering questions that come in) is a smart way to do outbound marketing without neglecting the most important thing: relationships with customers.

Revenue Streams

A company's [revenue stream](#) is the amount of money that it [receives](#) from [selling](#) a particular [product](#) or [service](#). A revenue stream is a source of income of a company or organization

How Apple Makes Money???

Apple's biggest revenue sources are the iPhone

- Apple sells smartphones, personal computers, tablets, wearables and accessories, and services.
- iPhones are Apple's biggest source of revenue by product, and the Americas is the largest revenue generator among its geographic regions.
- Apple's services business generates the highest gross margins.

Key Resources

Key Resources is the building block describing the most important assets needed to make a business model work. Every business model requires them, and it is only through them that companies generate Value Propositions and Revenues. Key resources can be physical, financial, intellectual, or human.

Cost Structure

Cost structure is the aggregate of the various types of costs, fixed and variable, that make up a business' overall expenses. Companies use cost structure to set pricing and identify areas where expenses can be reduced. Apple spends a lot on the manufacturing of its goods, but crucially invests heavily in every aspect of the design, quality control and product testing stages as well. They operate on a premium pricing strategy which means they also must expend substantial resources in marketing and maintaining their brand image. The cost structure implemented for Apple Inc., varies in accordance to product portfolio. The company bots, prices aggressively dependent on the premium value propositions it attains for its core products. The example of its core products are iPhone, Mac, iPad, iPod and so forth.

References

1. David Sjodin, Vinit Parida and Marko Kohtamaki (2012), Artificial intelligence enabling circular business model innovation in digital servitization : Conceptualizing dynamic capabilities, AI capacities, business models and effects, *Technological Forecasting & Social Change* 197 (2011) 122903
2. Goklas Siahaan, PilifusJunianto, Andi Tenri Pada, Carolina F. Sembiring and Desideria Regina (2012), Zero Waste Business Model: Building A Regenerative Business Model Through Innovation and Collaboration, *International Journal of Science and Society*, Volume 5, Issue 4, 2023, pp-404-415.
3. Haochen Guo and b Junic Kim (2008), China's New Retail Business Model: The Case of Super Species, *Journal of Law and Sustainable Development*, Vol.11, No.10, pp-1-30
4. Heidi Coral Thornton (2023), Business model change and internationalization in the sharing economy, *Journal of Business Research*, 170 (2024),114250
5. Herald Galingga Wira Shenta and Avanti Fontana (2004), Optimizing Value for Customer Segment of MSMEs by Transforming Business Model Canvas, *Journal of Entrepreneurship & Business*, Vol. 04, No. 03, pp-204-217.
6. KresnawidiansyahAgustian, Endang SaefuddinMubarok, Agustian Zen, Wiwin and AuliaJanuar Mal (2001), The Impact of Digital Transformation on Business Models and Competitive Advantage, *Technology and Society Perspectives (TACIT)* Vol. 1, No. 2, pp-79-93

Research paper

© 2012 IJFANS. All Rights Reserved, **UGC CARE Listed (Group -I) Journal Volume 8, Issue 4, 2019**

7. Lukas Vartiak, Miriam Garbarova and Juraj Fabus (2002), Comparative Analysis of Business Models of Selected Accommodation Portals, *Academic Journal of Interdisciplinary Studies*, Vol.12, No.6, pp-55-69
8. M. Riesener, M. Kuhn, S. Schümmelfeder, and G. Schuh (2003), Business Model Research in the Age of Digitalization— A Systematic Literature Research for the Derivation of a Taxonomy of Business Models in the Manufacturing Industry, *Journal of Economics, Business and Management*, Vol. 11, No. 4, pp-157-168
9. Montijn van de Ven and Paola Lara Machado, Alexia Athanasopoulou and Banu Aysolmaz (2004), Oktay Turetken, Key performance indicators for business models: a systematic review and catalog, *Information Systems and e-Business Management*, 21, PP-753-794