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Enterprise Strategy Analysis—Take Apple Inc. as an example

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Abstract: This case study analyzed Apple Inc. from multiple perspectives. Apple was founded in 1976 with the aim of providing the best user experience. In the competitiveness model, it has high barriers to entry due to capital, brand loyalty, and technology. Alternative threats vary by product field. It has strong bargaining power over some suppliers and faces different buyer power situations. The unique competitiveness of the company lies in research and development and design, brand and marketing, supply chain management, and software and service ecology. This article identifies opportunities such as growth in emerging markets and threats such as economic uncertainty through EFE and IFE analysis. At the same time, strategies including market expansion and innovation were proposed through SWOT and QSPM analysis. At the end of the article, combined with the above analysis methods, the company proposes supplementary actions such as strengthening after-sales service and promoting sustainable development to maintain and enhance its competitive position in the market.

1. Company profile

Apple Inc. was founded by Steve Jobs, Steve Wozniak, and Ron Wayne on April 1, 1976, initially named Apple Computer Corporation, with the aim of bringing personal computers to the mass market. Its mission is to bring the best user experience to customers through innovative hardware, software, and services [1]. Its vision is to create great products and enrich people's lives. Its core values include innovation, excellence, and a focus on privacy. Apple has launched many groundbreaking products, such as Macintosh computers, iPod music players, iPhone smartphones, and iPad tablets, which have had a profound impact on the technology industry and people's lifestyles.

2. Analysis of Competitive Power Model

2.1. Threat of potential entrants

High capital requirements: Apple requires huge investments in research and development, production, marketing, and other areas. For example, according to statistics, Apple's R&D

investment will reach about 22 billion US dollars in 2023, building advanced chip factories and a global marketing network, which poses a high capital barrier for new entrants [2].

High brand loyalty: According to market research institutions, the brand loyalty of Apple users remains at a high level throughout the year, with about 70% -80% of Apple users prioritizing Apple products when changing devices [3]. New entrants find it difficult to establish a similar brand image and user base in a short period of time.

Technical barriers: Apple has numerous patents and advanced technologies in hardware design, software systems, and chip development. As of the end of 2023, Apple has over 200000 patents worldwide, making it extremely difficult for new entrants to overcome these technical barriers.

2.2. The threat of substitutes

In the field of smartphones: Although Android phones have a large market share, Apple has strong competitiveness in the high-end market with its unique iOS system, high-quality application ecosystem, and high-end brand image. Taking 2023 as an example, Apple's iPhone market share in the global high-end smartphone market (priced over $800) has reached about 60% [4], and the threat of substitutes is relatively small.

In the field of tablet computers: iPad dominates the tablet computer market. According to market research institutions, iPad's market share in the global tablet computer market has remained at around 30% -40% for a long time. Other brands of tablets are difficult to compete with it in terms of performance, application adaptation, and user experience, and the threat of substitutes is limited.

In the field of personal computers: Mac computers have a relatively high market share among specific groups such as creative professionals, accounting for about 20% -25%, and are well integrated with Apple's other device ecosystem. The threat of substitutes is relatively less prominent.

2.3. Supplier's bargaining power

Part of the component suppliers rely on Apple: Apple is an important customer for some component suppliers, such as Foxconn and other contract manufacturers, whose products produced for Apple account for a large proportion of their total business volume, and to some extent rely on Apple's orders. Apple has strong bargaining power.

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2.4. Bargaining Power of Buyers

Weak individual bargaining power of consumers: Apple products are mainly sold through official channels and authorized retailers, and individual consumers have weak bargaining power in price negotiations.

Enterprise customers and bulk buyers have certain bargaining power: Large enterprises or educational institutions may receive certain price discounts and customized services when bulk purchasing Apple products. For example, some large enterprises may negotiate a price discount of 5% -10% with Apple when purchasing thousands of Apple devices [5].

2.5. The level of competition among existing competitors

The competition in the smartphone market is fierce: Apple and Android phone manufacturers such as Samsung are engaged in fierce competition in the global market, constantly competing in technological innovation, product features, marketing promotion, and other aspects. Taking market share as an example, in the global smartphone market in 2023, Samsung's market share is about 20%, and Apple's is about 18%, with fierce competition between the two.

Diverse competition in other product areas: In markets such as tablets, personal computers, and wearable devices, Apple also faces competition from different brands, but maintains strong competitiveness through its differentiated product strategy and brand advantages.

3. Unique competitiveness after value chain analysis

3.1. Research and Design

Continuous Innovation Capability: Apple invests heavily in research and development every year, continuously launching innovative product features and designs such as Face ID facial recognition technology and Agile Island interaction design. According to statistics, Apple has launched an average of about 10 major technological innovations per year in the past five years, leading the industry trend.

Integrated design concept: From hardware to software, Apple focuses on the overall design and user experience of its products, making them highly coordinated and unique in appearance, performance, and usability.

3.2. Brand and Marketing

Powerful brand influence: The Apple brand has a high level of recognition and reputation worldwide, representing high-end, fashion, and quality. According to data from brand valuation agencies, the brand value of Apple is expected to reach approximately $300 billion in 2023, and consumers are willing to pay a premium for its brand [6].

Unique marketing approach: Apple creates strong market expectations and brand heat through carefully planned product launches, advertising campaigns, and brand events, attracting consumer attention and purchases. For example, the global viewership for Apple's new product launch event reaches millions every year.

3.3. Supply Chain Management

Efficient supply chain integration: Apple has established close cooperative relationships with suppliers around the world, achieving efficient collaboration in parts procurement, manufacturing, logistics and distribution. The inventory turnover rate of Apple products is at a leading level in the industry, approximately 10-12 times per year, ensuring timely delivery and maintaining high quality.

Inventory Management Optimization: Through precise market forecasting and inventory control, Apple is able to meet market demand while minimizing inventory costs. For example, the inventory holding cost of Apple accounts for a relatively low proportion of total cost, about 5% -8% [7].

3.4. Software and Service Ecology

Rich application ecosystem: The App Store has millions of applications covering various fields and user needs, providing great value to users and attracting numerous developers to develop applications for the Apple platform. By the end of 2023, the number of applications on the App Store will exceed 3 million, with over 20 million developers.

Value added service expansion: such as iCloud cloud storage, Apple Music music service, Apple Pay payment service, etc., providing users with a comprehensive digital life experience, increasing user stickiness and revenue sources. According to statistics, Apple's service business revenue reached about 80 billion US dollars in 2023, accounting for about 20% of the total revenue [8].

4. EFE and IFE

4.1. External Factor Evaluation (EFE)

4.1.1. Opportunity

Growth in Emerging Markets: The demand for consumer electronics products such as smartphones and tablets is constantly increasing in emerging markets such as India and Southeast Asia. According to market research institutions' predictions, the annual growth rate of the Indian smartphone market will remain at 10% -15% in the next five years, providing Apple with vast market expansion space.

The popularization of 5G technology: The development of 5G networks has brought faster network speeds and richer application scenarios to Apple products, such as high-definition video calls, cloud gaming, etc., which helps to enhance product competitiveness. At present, the global 5G network coverage is increasing year by year, and it is expected that by 2025, the number of 5G users will reach billions.

4.1.2. Threat

Global economic uncertainty: Economic fluctuations may lead to a decrease in consumer purchasing power, affecting the sales of Apple products. For example, during the 2008 financial crisis, the global smartphone market experienced a slowdown in sales growth, which also had a certain impact on Apple.

Trade Friction: International trade tensions may lead to increased tariffs, supply chain disruptions, and other issues, affecting Apple's production costs and global market layout. During the China US trade friction, the tariff costs of some Apple products have increased.

4.2. Internal Factor Evaluation (IFE)

4.2.1. Advantages

Powerful technology research and development team: Apple has numerous top engineers and designers, with profound technical accumulation and innovation capabilities, able to continuously launch competitive products. By the end of 2023, Apple's R&D personnel will exceed 50000.

High brand value: The Apple brand holds a high position in the minds of consumers, helping to increase the added value and market share of products. As mentioned earlier, the brand value is as high as approximately 300 billion US dollars.

Comprehensive ecosystem: The close integration between hardware, software, and services provides users with a convenient and efficient user experience, increasing user stickiness and loyalty. The inter connectivity features between Apple devices, such as AirDrop and Handoff, are highly favored by users.

4.2.2. Disadvantage

High product prices: Compared to some competitors, Apple products are generally priced higher. For example, the average selling price of iPhone is higher than Android phones with the same configuration, which may limit its market share in the mid to low end market.

High dependence on a single product: iPhone accounts for a large proportion of Apple's revenue, about 50-60%. Once there is a problem with iPhone sales, it may have a significant impact on the company's overall performance.

5. SWOT Analysis and Strategic Selection

5.1. SO Strategy (Advantage Opportunity)

Market Expansion Strategy: The company can utilize the influence of the Apple brand in emerging markets and the advantages of 5G technology to increase market promotion and channel construction in emerging markets, and launch products that are suitable for local market demand and consumption levels. For example, Apple has launched the relatively low-priced iPhone SE series products in the Indian market and increased its offline retail store layout.

Innovation driven strategy: The technical department should continuously invest in research and development, combine with the trend of digital transformation, develop more innovative software and services, enhance the competitiveness of products in fields such as cloud computing and artificial intelligence, such as strengthening the functionality and application scenarios of Siri voice assistant.

5.2. ST Strategy (Advantage Threat)

Cost control strategy: Faced with trade frictions and economic uncertainty, optimizing supply chain management and reducing production costs, companies should proactively strengthen cooperation with suppliers to jointly address cost increases such as tariffs.For example, Apple negotiates with suppliers to reduce component prices, optimize production processes, and other measures to cope with rising cost pressures.

Brand differentiation strategy: The product operation and maintenance department should highlight the advantages of Apple products in privacy protection, user experience, etc., strengthen brand image, form differentiated competition with competitors, and meet consumers' demand for high-quality and safe products. Apple continues to strengthen its promotion and technological investment in privacy protection, such as adopting end-to-end encryption technology.

5.3. WO Strategy (Disadvantage Opportunity)

Product diversification strategy: Targeting the demand of the mid to low end market, developing more affordable product lines, expanding product line coverage, increasing market share, while maintaining the quality and brand characteristics of Apple products. For example, Apple could consider launching iPad series products with slightly lower configurations but more competitive prices to meet price sensitive demands in the education market.

Cooperative Alliance Strategy: Company should establish strategic partnerships with local enterprises or operators in emerging markets, leverage their channel and resource advantages, accelerate market penetration, and jointly promote Apple products and services. Apple has collaborated with some Indian telecom operators to launch customized packages and promotional activities, achieving certain market effects.

5.4. WT Strategy (Disadvantage Threat)

Price adjustment strategy: Marketing department should adjust product pricing strategies in a timely manner based on market demand and competition, while maintaining the high-end positioning of the product, improving cost-effectiveness, and enhancing the competitiveness of the product in different market environments. For example, during certain promotional periods, Apple may offer certain price discounts or gifts.

Risk diversification strategy: Company can reduce reliance on a single product, increase research and marketing efforts in other product lines such as wearable devices, smart homes, etc., and diversify business risks. In recent years, Apple's wearable device business has grown rapidly, with sales of devices such as the Apple Watch increasing year by year, becoming one of the company's important revenue growth points.

6. Quantitative Strategic Planning Matrix (QSPM) Analysis and Strategic Recommendations

6.1. Determine key factors and weights

6.1.1. Key factor selection [9]

Market growth potential: The demand for smartphones and electronic products in emerging markets such as India and Southeast Asia is growing rapidly, while global trends such as 5G application expansion and digital transformation are also creating new market opportunities for Apple products, which is crucial for Apple's market expansion and revenue growth.

Technological innovation capability: In the technology industry, continuous technological innovation is the core to maintaining competitiveness. Apple's innovation ability in chip research and development, software system optimization, human-computer interaction design and other aspects directly affects the progressiveness of products and user experience, thus determining market share and brand image.

Brand awareness and reputation: The Apple brand holds a high position in the hearts of global consumers, representing high-end, quality, innovation, and fashion. A strong brand influence helps attract consumers to purchase products, increase product added value, and form differentiation advantages in market competition.

Competitive Pressure: The market for smartphones, tablets, personal computers, and other products is fiercely competitive, with competitors constantly launching new products and marketing strategies. Apple needs to cope with the competitive challenges from many brands such as Samsung, Huawei, Xiaomi, etc., and maintain its competitive advantage, which is related to market share and profitability [10].

6.1.2. Basis and numerical values for determining weights:

By collecting industry expert opinions, analyzing market research data, and considering Apple's business priorities, the weights of each key factor are determined. The specific weight allocation is shown in Table 1, Table 2, and Table 3:

Table 1: Weight distribution

Key Factor	Weights
Market growth potential	0.20
Technological innovation capability	0.15
Brand awareness	0.15
Production cost	0.10

Competitive pressure	0.20
Regulatory and policy impact	0.20

6.2. Scoring criteria

Table 2: Criteria

criteria	
The strategic plan has strong appeal in this key factor, can fully utilize opportunities or effectively respond to threats, and is highly aligned with the company's strengths. It is expected to have a significant positive impact on the company's performance after implementation	4
The strategic plan has high attractiveness in this key factor, adapts well to opportunities or threats, and has a certain degree of matching with the company's advantages. After implementation, it may have a positive impact on the company's performance, but the effect may not be as significant as the 4-point plan	3
The strategic plan has moderate attractiveness in this key factor, but its utilization or response to opportunities or threats is average. The degree of integration with the company's advantages is limited, and the impact on the company's performance after implementation is not very clear. Further improvement or cooperation with other strategies may be needed to be effective.	2
The strategic plan has low attractiveness in this key factor, insufficient grasp of opportunities or threats, and does not match the company's advantages. After implementation, it may have a small or even negative impact on the company's performance, and requires careful consideration or reassessment.	1

6.3. Score Result

Table 3: Specific score

Strategic plan/key factors	Market growth potential	Technological innovation capability	Brand awareness Production	cost	Competitive pressure	Total
SO	4	4	4	2	3	3.2
ST	3	3	4	3	3	3.05
WO	3	3	3	2	3	2.75
WT	2	2	3	3	2	2.35

6.4. Result analysis

SO1 strategy (increasing investment in emerging markets and launching innovative products) : The highest overall attractiveness score indicates that the strategy has performed well in multiple key factors and is highly aligned with Apple's strengths and market opportunities. Increasing investment in emerging markets can fully utilize their growth potential, while launching innovative products can help enhance brand awareness and technological innovation capabilities. Although there may be some challenges in production costs, the overall positive impact on company performance is expected to be most significant.

ST2 Strategy (Strengthening Brand Privacy and Security Features to Address Regulatory Competition): The overall score is high, indicating that this strategy has strong advantages in responding to the impact of regulatory policies and strengthening brand characteristics. By enhancing privacy protection and other technological features, it can not only meet regulatory requirements but also enhance brand competitiveness, maintain differentiation advantages under market competition pressure, and is of great significance to the company's development.

SO2 Strategy (Innovative Service Expansion Based on 5G and Digital Transformation): The score is also considerable. This strategy seizes the opportunity of 5G and digital transformation, further leveraging Apple's technological innovation capabilities and brand advantages. Although relatively weak in production cost control, it has great potential in improving user experience and expanding the market.

ST1 strategy (optimizing supply chain and cost control to cope with trade frictions): It mainly performs outstandingly in production costs and supply chain stability, which helps to cope with the cost increase and supply risks caused by trade frictions, but the improvement in other aspects is relatively limited, and the overall attractiveness is at a moderate level.

WO1 strategy (developing mid to low end product lines to expand market share) and WO2 strategy (partnering with alliances to drive growth in emerging markets) : The scores are similar and in the moderate range. These two strategies are mainly designed to address Apple's weaknesses in price and market expansion, as well as opportunities in emerging markets. Developing mid to low end products can help expand market share, but may have a certain impact on brand image; Cooperative alliances can utilize external resources to expand into emerging markets, but the implementation process may face issues such as cooperation and coordination.

WT1strategy (dynamic price adjustment strategy) and WT2 strategy (diversified business layout to diversify risks): The overall attractiveness score is relatively low, and these two strategies are mainly conservative strategies to deal with disadvantages and threats. Dynamic price adjustments may affect profits in the short term, and diversified business layouts require significant resource investment and face competition challenges in new fields. However, they can still be considered as auxiliary strategies in unfavorable market environments

7. Analysis of Porter's Five Forces Model

7.1. Supplier's bargaining power

Key component suppliers [11]: Apple relies on a few suppliers for some key components, such as chip manufacturer TSMC. These suppliers have high technological advantages and market share in their professional fields. However, with its huge procurement volume and long-term cooperative relationships, Apple can to some extent exert influence on suppliers and reduce its bargaining power. For example, Apple will sign long-term contracts with suppliers to agree on prices and supply quantities, while also encouraging suppliers to continuously improve production processes through technical cooperation to meet Apple's strict quality and performance requirements.

Raw material suppliers: For raw material suppliers such as glass and metal, the market is relatively scattered. As a globally renowned and large-scale procurement enterprise, Apple has a strong negotiating position. It can choose cost-effective partners among numerous suppliers, making it difficult for raw material suppliers to raise prices or change transaction terms.

Overall, although some key component suppliers have some technical say, Apple has used various strategies to keep their bargaining power at a moderate level.

7.2. Buyer's bargaining power

Individual consumers: The individual purchase volume of Apple products is usually small, and the Apple brand has high loyalty and unique user experience. Consumers are willing to pay relatively high prices for their products. Although consumers can compare prices across different sales channels, Apple has strong control over product pricing and buyers have weaker bargaining power.

Enterprise customers (bulk procurement): For some enterprises that purchase Apple devices in bulk for office and other scenarios, their bargaining power will be relatively enhanced compared to individual consumers. But Apple provides a series of value-added services for enterprise customers, such as enterprise level management software, after-sales service guarantee, etc., which makes enterprise customers value these added values while considering price, so their bargaining power is not very strong.

Overall, the bargaining power of buyers is relatively weak in Apple's market environment.

7.3. The threat of potential entrants

Technical barriers: Apple has a large number of patented technologies and core competitiveness in hardware design, software development, and integration of the two. For example, its self-developed A-series chips have excellent performance, and the iOS operating system has a high degree of enclosure and security. It is difficult for new entrants to break through these technological barriers and develop products comparable to them in a short period of time.

Brand and User Loyalty: After years of brand building, Apple has a huge loyal user base. Consumers' recognition of the Apple brand is not only based on the product itself, but also on its comprehensive ecosystem. It is extremely difficult for new entrants to attract these users and transfer brand loyalty.

Economies of scale and cost advantages: Apple has achieved economies of scale through large-scale production and global sales networks, which can effectively reduce unit product costs. New entrants find it difficult to achieve similar scale in the early stages of production, resulting in relatively high costs and a disadvantage in price competition.

Based on the above factors, potential entrants face relatively high barriers to entry and pose a relatively small threat to Apple.

7.4. The threat of substitutes

In the field of smartphones: In the smartphone market, although there are many competitors in the Android camp, Apple's iOS system and unique product design create differentiated competition with Android phones. For users who are deeply integrated into the Apple ecosystem (such as using Mac computers, iPads, and other Apple devices), it is difficult for other smartphones to completely replace Apple phones. However, as Android phones continue to improve in performance, photography, and other aspects, they also pose a certain degree of substitution pressure on Apple phones. In the field of other electronic devices, Apple's iPad faces competition from Android tablets and some low-priced Windows tablets. In the field of laptops, MacBook faces competition from Windows laptops. However, Apple also maintains a certain market share with its brand, design, and ecosystem advantages, and the threat of substitutes is not very prominent.

8. Suggestions for other complementary strategic actions

8.1. Strengthen after-sales service

Retail Store can improve the quality of after-sales service, shorten the repair cycle, provide more repair outlets and convenient repair methods, such as on-site repair, mail repair, etc., to enhance customer satisfaction. At present, the number of Apple repair centers in major cities around the world is constantly increasing, and some areas have already achieved on-site repair services within 24 hours.

It also can establish a customer feedback mechanism to promptly understand the problems and needs encountered by users during the use of the product, in order to improve the product and service. Apple collects feedback through online customer service, user surveys, and other methods, and improves hundreds of product features and service processes annually based on feedback.

8.2. Promoting Sustainable Development

In the product design and production process, more environmentally friendly materials and energy-saving technologies are adopted to reduce the impact on the environment, such as reducing product packaging materials and improving equipment energy efficiency. For example, Apple has reduced the use of plastic in the packaging of its new iPhone, and some products have adopted recyclable materials.

Strategic Department should promote Apple's sustainable development philosophy and actions, enhance the brand's image in environmental protection, and attract more consumers who are concerned about environmental protection. Apple regularly releases sustainability reports to showcase its efforts and achievements in environmental protection.

9. Conclusions

Through a comprehensive strategic analysis of Apple, it can be seen that it has significant advantages in multiple aspects, but also faces certain challenges. With its strong R&D, brand, supply chain, and software ecosystem, Apple holds a favorable position in competition. However, threats such as economic uncertainty and trade frictions cannot be ignored. Based on EFE, IFE, SWOT, and QSPM analysis, it is recommended that Apple prioritize implementing strategies for expanding into emerging markets and launching innovative products, while strengthening brand privacy protection. In addition, complementary actions such as strengthening after-sales service, promoting sustainable development, expanding enterprise markets, and enhancing data security are also crucial. Continuously monitoring market trends and flexibly adjusting strategies will help Apple consolidate its competitive advantage and achieve sustainable development.

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