

SCHOOL OF BUSINESS
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External analysis report

How does apple maintain its dominant position within the tech marker and what are the recommendations it could consider elevating its position even higher withing the market?

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Introduction

The global tech giant Apple founded by Steve Jobs had undeniably left a mark in the world and has altered our daily lives. At the forefront of the tech market, Apple continuously reinvents itself and adapts to the newly emerging needs of the consumers with variety of services, electronics, and software. This analytical report will delve into extensive examination including the provision of external analysis of the macro environmental factors that help this company move forward. The key analytical tools used will be PESTLE analysis and the Five Porter's Forces that will outline comprehensive points. Furthermore, the report will also provide credible future recommendations with aim of ensuring the continuous growth and success of the company in today's ever-evolving world of tech.

Main body

Definition of marketing

"Marketing is a multifaceted business discipline that revolves around understanding, creating, communicating, and delivering value to customers. " It consists of a vast variety of strategies and activities that are closely related to design, products, services and how these can be used in a beneficial way to satisfy the needs of the customer (Housden, 2008). As the true core of marketing is the customer, it is important to identify well not only the strategies needed to reach the customer, but also the type of customer a company is reaching out to – in other words targeting the audience.

One of the main goals of marketing is to encompass a wide range of activities and strategies designed to connect products, services, or ideas with target audience in a way that satisfies both customer needs and organisational goals.

In its aims to satisfy the customer marketing seeks to not only establish strong customer relationships but to identify ways in which it can maintain these relationships by fulfilling the needs of the customer (Housden, 2008). This often involves market research and the interpretation of data that is somehow closely related to the preference of the consumer, the way they behave and what trends are informing their decisions.

Segmenting the consumers into group is another approach that is seen to be used in majority of the marketing processes (EdrawMind, 2020). Segmentation allows to arrange customers by variety of aspects such as interests, attractiveness, and offerings.

This dynamic field evolves due to the high level of advancement in the technology sector, the various shifts in the behaviour of the consumer and the competitive landscape it operates in. To bridge the gap between what a company could offer and the specifics that the customer seeks it uses strategies that stimulate the evolvement of products and services (EdrawMind, 2020). For example, determining how a product or brand should be perceived in the minds of consumers could strengthen the attractiveness of this item and relative to competitors, often through differentiation and value proposition, a certain company elevates its position (Housden, 2008). This ultimately drives the growth of the revenue and heightens the equality factor as the needs of a growing audience are being satisfied through series of approaches:

1. **Product Development:** Creating and customizing services or products in order to respond in a more adequate way to a certain scope of audience and their demands and preferences.
2. **Prices:** Being informed of surrounding competitors and their prices so to accurately reflect this in the value of the product the company offers while remaining in a position that is strong enough to stimulate a growth and maintain positive reputation in the market.
3. **Geographical distribution:** Ensuring that items and services are available and ready to circulate in a channel of distribution that is effective.
4. **Promotion:** Spreading the information of how capable a service could be is essential in order to grow the scope of consumers a company can have. Communication tools and channels such as advertisement, social media, marketing content are all means of persuading and reminding the customer of the possible value and benefits their offerings can have.
5. **Customer relationship management:** Achieving loyalty and repeated business could be beneficial for a nurtured long-lasting relationship between organisations or customers.
6. **Analysis and Adaptation:** Continuously monitoring and assessing marketing strategies and adjusting them to adapt changing market conditions and customer preferences.

Stages in the marketing process

The marketing process has multiple key stages that are essential for the creation and execution of successful marketing and campaign strategies. These differentiation between the stages helps organisations to understand their marker environment, define clear objectives and develop efficient strategies in the process of implementation of their plans (Bishop, 2012).

Situational analysis

SWOT analysis or situational analysis is the base of the market process as it involves the assessment of the current external and internal environments in order to gain comprehensive understanding of the position an organisation holds within the market. The internal analysis consists of the evaluation of an organisation's strengths and weaknesses (Kotler, 2020). It considers factors such as capabilities, reputation, and resources. On the other hand, the external analysis of the SWOT examines opportunities and threats, and this involves the analysis and understanding of market trends, economic conditions within the markets, changes, emerging technologies, and competition. The situational analysis provides the context necessary to make informed decisions throughout the marketing process.

Objectives

Once the situational analysis is complete, the next stage is setting clear and measurable marketing objectives that are aligned with the goal of the organisation and are specific to them, ensuring they are also actionable and achievable such as increased market share, enhancing brand awareness and revenue, heightening sales, and revenue, growing into new markets and broadening the segmentation groups through the launch of new products and services (Kotler, 2020). Following these objectives will ensure a successful development.

Strategy

As main objectives have been identified in the previous stage, strategy plan is how they become actionable. Achievable plan is to be created for the following objectives.

Segmentation:

Identifying target customer segments based on characteristics such as demographics, psychographics, and behaviour.

Targeting:

Choosing which customer segments to prioritize and focus marketing efforts on.

Positioning:

Defining how the organisation wants its products or services to be perceived in the minds of customers relative to competitors.

Budget allocation:

Allocating resources and budget to various marketing activities and channels.

Implementation

This stage is dedicated to the action and putting the created marketing strategy to use through a variety of steps – product development, advertising and promotion, sales and distribution, market research and data collection. If there is a present emerge of new goods or services, they usually get considered to be launched in the first stage, where further design is done.

Advertising and Promotion: Executing advertising campaigns, content marketing, social media marketing and other promotional activities.

Sales and distribution: ensuring products or services are available through the chosen distribution channels and optimising sales processes.

Market Research and data collection: continuously gathering data and insights to monitor progress and make necessary adjustments.

Control

The control stage is about monitoring and evaluating the performance of marketing initiatives against the defined objectives. Key activities in this stage include:

Performance metrics: using key performance indicators (KPIs) to assess the success of marketing efforts. Common metrics include ROI, conversion rates, customer acquisition costs, and customer lifetime value.

Analysis: Analysing data and feedback to identify area where marketing strategies can be optimised

Feedback Loops: Incorporating lessons learned from past campaigns and adjusting future strategies accordingly.

Budget management: ensuring that marketing expenditures align with the allocated budget and deliver a positive return on investment.

The control stage enables organisations to measure the effectiveness of their marketing efforts, learn from their experiences and refine strategies for future success.

In summary the marketing process involves a sequence of interconnected stages, starting with a situational analysis and culminating in the control and evaluation of marketing initiatives. Each stage is critical for achieving marketing objectives and ultimately contributing to the organisation's overall success.

PESTLE Analysis- Apple

Political

The global presence that Apple holds means that the company navigates within a global political landscape, and this creates a more complex environment to maintain. The political factors that affect it revolve around the differences of each country that it delivers its products to.

International Trade Policies:

Changes in trade policies, tariffs, or trade tensions between nations can impact Apple's supply chain and profitability. For example, U.S.-China trade disputes have affected Apple's production costs.

Taxation policies:

The company has faced scrutiny for its tax practices. Changes in tax regulations can influence Apple's financial strategies and potentially affect its profit margins.

Data Privacy regulations: Governments worldwide are implementing stricter data privacy laws. Complying with these regulations while maintaining a seamless user experience is a challenge for Apple.

Economic factors

The financial performance of Apple is sensitive to economic conditions both globally and locally. Economic factors that affect Apple are:

Exchange rates: Fluctuations in currency exchange rates can impact Apple's revenue and profits, especially in international markets.

Consumer spending: Economic downturns can reduce consumer spending on premium products like Apple's, affecting sales and revenue.

Income inequality: Disparities in income distribution can influence the affordability and demand for Apple products.

Social factors

Apple is well known for the focus it puts on the consumer preferences and the satisfaction levels. Social factors that affect Apple are:

Consumer Preferences: Shifting consumer preferences, such as a growing emphasis on sustainability and ethical consumption, influence product design and marketing strategies.

Cultural Factors: Understanding cultural nuances is vital for Apple's global marketing efforts to resonate with diverse audiences.

Demographics: An aging population may impact the demand for certain products, while younger demographics drive the need for new features and technologies.

Technological Factors

Being at the forefront of technological innovation is core to Apple's identity. Technological factors include:

Integration of AI: Artificial intelligence is increasingly integrated into products and services. Apple's Siri and machine learning capabilities are key to its future success.

Cybersecurity: As technology advances, the need for robust cybersecurity measures to protect user data becomes paramount.

Legal Factors

Apple faces various legal challenges and regulations in the markets it operates in, including:

Intellectual Property Protection: Patents and intellectual property rights are essential to Apple's innovation. Legal disputes with competitors can have significant implications.

Antitrust Regulations: Apple has faced scrutiny over its App Store practices, highlighting the need to navigate antitrust regulations globally.

Consumer Protection Laws: Ensuring compliance with consumer protection laws is crucial for maintaining trust and avoiding legal issues.

Environmental

Apple has made substantial efforts to address environmental concerns:

Sustainability initiatives: Apple is committed to reducing its carbon footprint, using renewable energy, and transitioning to a circular economy.

Eco-friendly Products: Consumer preferences for eco-friendly products are on the rise, which can benefit Apple's brand image and sales of environmentally responsible devices.

Regulatory Compliance: Adhering to environmental regulations and industry standards is essential to avoid fines and maintain a positive corporate image.

The PESTLE analysis of Apple reveals a dynamic external environment filled with opportunities and challenges. Apple's ability to adapt political changes, economic fluctuations, evolving consumer preferences, and technological advancements while staying compliant with legal and environmental regulations will play a pivotal role in its continued success. By staying true to its core values of innovation, user-centric design, and sustainability, Apple can navigate these macro-environmental factors and remain a global leader in the technological industry.

Porter's 5 Forces – Apple

Threat of New entrants (low)

The threat of new entrants is considered to be relatively low due to several things. Apple has a well-established brand and customer loyalty. Its proprietary operating systems like iOS are difficult for newcomers to replicate. Massive capital requirements are needed for research, development, and marketing. These barriers make it challenging for new entrants to gain a foothold.

Bargaining Power of Suppliers (medium)

Apple's supplier base is relatively concentrated, particularly for key components like semiconductor chips. While this concentration gives some power to suppliers, Apple has also invested heavily in vertical integration and builds long-term relationships with suppliers. Additionally, Apple's sheer size allows it to negotiate favourable terms.

Bargaining Power of Buyers (medium to low)

The bargaining power of individual consumers is relatively low. Apple's brand loyalty and unique ecosystem (iPhone, Mac, iPad, etc.) make it challenging for customers to switch to other brands. However, buyers have some power collectively as they can influence Apple through social media and reviews.

Threat of Substitutes (medium)

While there are substitutes like Android devices and PCs, Apple's strong brand and ecosystem create a significant differentiator. The threat of substitutes is medium because, although alternatives exist, they often lack the integration and user experience that Apple offers.

Competitive rivalry (High)

Reason: The competitive rivalry in the tech industry, particularly in smartphones and software, is intense. Apple competes with giants like Samsung, Google, Microsoft, and many others. The rapid pace of technological change and innovation adds to the intensity of competition.

The company benefits from low threats of new entrants due to barriers to entry, and it maintains moderate to low bargaining power suppliers and buyers. Apple's competitive advantage largely stems from its brand, ecosystem, and innovation, allowing it to maintain its position as a leading tech company.

Advantages and disadvantages of PESTLE and Porters 5 forces model.

Strategic analysis tools such as macro-environmental analysis (e.g., PESTLE analysis) and Porter's Five Forces framework are essential for businesses to understand their competitive landscape and make informed decisions. However, like any approach, they have their own set of advantages and disadvantages.

Advantages of Macro-Environmental Analysis (PESTLE)

1. Early Warning System: By monitoring changes in the macro environment, businesses can detect potential threats and trends early, allowing for proactive responses and strategic adjustments.
2. Strategic Planning: PESTLE analysis informs the strategic planning process, helping organisations align their strategies with external factors, which is crucial for long-term success.
3. Adaptability: It encourages adaptability and flexibility in organisations as they learn to navigate changing external conditions effectively.
4. Reputation Management: Understanding the environmental and social aspects can help organisations manage their reputation by proactively addressing issues related to sustainability and corporate responsibility (Simplilearn, 2023).

Disadvantages of Macro-Environmental Analysis (PESTLE):

1. Information Overload: Gathering and analysing data for all six PESTLE factors can be time-consuming and overwhelming. Businesses may struggle to prioritize which factors are most relevant.
2. Limited Predictive Power: While PESTLE analysis can identify potential factors affecting a business, it does not predict specific outcomes or their timing. It is more about recognising trends and uncertainties.
3. Subjectivity: Interpretation of macro-environmental factors can vary among individuals and may be influenced by personal biases or assumptions.
4. Dynamic Nature: The macro environment is constantly changing making it challenging to keep analyses up to date. What may be true today may not hold tomorrow.

Advantages of Porter's Five Forces:

Industry Focus: Porter's Five Forces concentrate on the specific industry within which a company operate., This sharp focus helps identify competitive dynamics unique to that industry.

Competitive strategy: It guides organisation in developing competitive strategies by highlighting areas where they can gain competitive advantage, such as through differentiation or cost leadership.

Decision Support: The framework assists in making critical decisions regarding market entry, pricing, supplier negotiations, and more, by providing a structured analysis of industry forces (Simplilearn, 2023).

Benchmarking: Businesses can benchmark their competitive position against rivals and assess their strengths and weaknesses in relation to the five forces.

Risk assessment: It helps in identifying potential risks, such as the threat of new entrants or supplier power, allowing companies to develop risk mitigation strategies (Simplilearn, 2023).

Disadvantages of Porter's Five Forces:

Simplification: The model may oversimplify complex market dynamics by reducing them to five factors, potentially missing nuances that affect competition.

Static Nature: Porter's Five Forces assumes that industry conditions are relatively stable. In fast-changing industries like technology, this may not hold true.

Lack of guidance: The framework provides an analysis of industry forces but does not prescribe specific actions or strategies. Organisations must translate the analysis into actionable plans.

Ignores External Factors: It primarily focuses on industry level-factors and does not consider broader macro-environmental factors like political, economic, or environmental issues.

Competitive Convergence: In some industries, competitive forces may become more homogenous over time, making it challenging to find distinct competitive advantages (Simplilearn, 2023).

Define credible future recommendations for the company.

Credible future recommendation for Apple includes the continued focus on diversifying revenue streams with a strong emphasis on growing its services division. Additionally, Apple should invest in sustainability initiatives to align with environmental concerns and enhance its market penetration in emerging economies (Dudovsky, 2023). It is crucial for Apple to maintain a commitment to innovation, exploring technologies like augmented reality and artificial intelligence. Lastly fostering customer loyalty through programs and exceptional after-sales support will further strengthen its position in the market and ensure long-term success.

Conclusion

Apple's commitment to customer excellence and the constant innovation that is visible through their services have set the strong foundations to its position within a rapidly evolving tech landscape where the company continues to dominate. This report has provided the critical factors that shape the success of the company in the context of surrounding challenges of the macro-environment.

The complexities of the ways Apple operates in the market environment, including the political and economic instabilities and the response to societal and technological changes, revealed in the PESTLE analysis, have proven the strong characteristics and willingness for the company to constantly evolve and adapt in order to maintain its success and accept the challenges as opportunities to exhibit its innovation.

In a similar way the examination that has been demonstrated with the Porter's five forces is another prove that despite the competitive rivalry and the potential for substitute products Apple's brand strength, ecosystem, and innovation continue to create substantial entry barriers and maintain its edge.

To conclude, Apple's continuous growth is largely due to its excellent ways of not only coping with the challenges that emerge in the macro environment, but the way it turns them into opportunities allowing them to play a key role and serve as advantages in the growth and development of the company. Its continued success is a resounding testament to the power of visionary leadership and unwavering commitment to excellence.

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