

**Module Name/Code: Developing Strategic
Capability/BMSW6011_Swansea**

Title: Does the Organisation Demonstrate 'Strategic Capability'

Host Organisation: Apple Inc

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Date of Report Publication: 15th March 2024

Executive Summary

Strategic capabilities are crucial to survive in a saturated marketplace and can provide prosperous growth or ultimately result in failure for organisations who have strategically drifted from their mission and vision. Organisations need to strategically explore ways to maximise their market share and strive to be the best in the market. Does Apple have strategic capabilities for the future?

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1.0 Introduction

Over the years Apple's dramatic growth is accounted by the constant development of innovative products such as the Apple watch which have been met with great commercial success and as of 2022 Apple is recognised as a valuable brand (Statista. 2023). In the last five years Apple have spent close to \$100 billion in innovating its products. To service a loyal customer base Apple's strategy is tied to innovation with the allocation of a large budget. Between 2018 and 2022 the company spent \$97.37 billion on research and development (R&D), a surge of 84.33% (\$14.24bn in 2018 to \$26.25bn in 2022). The strategy to gain a competitive advantage through research and department so much that they have paused jobs in other departments and focusing only on R&D. Measures were introduced to reducing budgetary while the uncertainty continued, and previous investments have helped Apple to continue through challenges such as inflation, the effects of Covid-19 and supply chain issues. Apple have faced regulatory scrutiny from regulators concerned with 'antitrust' issues. Analysts from the US maintain that Apple are lagging rivals creating competition. In principle though R&D spending might not guarantee automatic profitability, the spending will pay off when research becomes successful (European Business Magazine, 2022) and development is aimed to differentiate products while improving user experience. Spending has risen in 2022 by high inflation and interest rate hikes.

On the 8th of January 2024 a report has been requested to publish its findings on the strategic capabilities of Apple. The purpose of the report is to critically analyse the position of Apple while identifying the strengths and weaknesses of the current strategy and discuss challenges and competitive advantage which allowed for new strategic direction. There will also be an analysis of several theories and models to underpin its findings and critically analyse strategies implemented. The report will be sourcing information from relevant books, articles, websites, and journals as well as published data from Apple. The report will be finalised with a conclusion of what practices worked well and supported long term strategic capability or identified strategic drift which enable the compilation of barriers and highlight areas of opportunity and options to be chosen. The researcher who compiled this report is Masuk Ali. The report is to be submitted on the 15th of March 2024.

2.0 Findings

2.1 Overview of Apple

According to Bloomberg (2024) Apple Inc design and manufacture a range of technology including computers, tablets, smartphones and related accessories. The organisation also offers digital content such as the iCloud and Apple pay. Apple's clientele includes consumer, education, small to mid-sized companies and worldwide government markets. Famous for creating the likes of the iPhone and iPad, Apple devices are renowned for their aesthetically designed software and hardware which provide a performance advantage over competitors. The company have captured a large market cap of over 2 trillion dollars (TechTarget. 2023). Apple's market share in the last quarter of 2023 was 24.7% (Statista, 2024) and Apple (2024) reported results for its 2024 first quarter ending December 2023 a quarterly revenue of \$119.6bn, a 2% increase year on year.

Apple Computer Inc was founded on the 1st of April 1976 by Steve Jobs and Steve Wozniak. The vision was to change the way people viewed computers and so wanted to make compact computers that would be ideal for homes and offices. The Apple I was built in the garage of Jobs and sold without a keyboard, monitor or casing which was a later addition in 1977. The Apple II however revolutionised the computing industry as the first ever colour graphics was introduced. In 1978 sales jumped from \$7.8 million to \$117 million, the year Apple went public in 1980. Wozniak left the company in 1983 due to losing interest in the day to day running of the business (Library of Congress, 2024).

In 1997 (when Steve Jobs returned to 137000 employees from 8,000) the structure was conventional for its scope and size. The company was divided into units with each having their own profit and loss responsibilities. Macintosh group, server products group and the information appliances group were run by general managers. Typical of decentralised business units, management were in loggerheads with one another especially transfer prices. Jobs believing conventional management had restricted innovation had laid off general managers and placed the entire enterprise under one profit and loss and combined all the units in to one functional organisation, so Apple went from an SBU operational organisation back to a whole organisation approach. Apple's

commitment to offer the best products would be undercut if cost and profit were overriding productivity of senior R&D executives and so the finance team is not involved in product meetings of engineering teams and engineering teams are not involved in pricing strategy. The company's operations differ from conventional organisations (Harvard Business Review, 2020).

Apple's CEO is Tim Cook whose leadership has revolutionised the brand to new heights to the tune of market cap peak of about \$3 trillion. Cook does own a large share of 3.3 million shares (as of October 2023), but most are institutional investors. As of January 2023, the largest shareholder was the company Vanguard Group Inc who held 7.96% which equate to more than 1.2bn shares. Other shareholders include BlackRock Inc of 6% which equates to 1.1bn shares and the third largest shareholder is Warren Buffett's Berkshire Hathaway Inc holding 5.73% shares (Business Insider, 2023).

Thompson and Martin (2010) states that for a statement to be deemed meaningful it must address how it differentiates from rivals as well as be aspiring to be inspirational and visionary. According to LinkedIn (2022) Apple's vision state that they are on earth to make great products while the mission is to bring the best user experience through innovative software, hardware and services to its customers (Medium, 2020). The statement is clear and straight to the point and gives the impression that company operations can deliver and are positioned as a dominant player in the tech world. The mission statement had surfaced in 2018 on an annual report highlighting its offer to provide the best service. As Apple are continuously improving existing products to meet customer demands the mission statement encapsulates this objective. The statements represent Apple's goal to leave a valuable legacy creating inspirational products and services for the world and its people (Pereira, 2023). A mission statement gives stakeholders a clear description about what the company does going further into the direction and purpose making the organisations' vision more tangible (Johnson et al, 2017 and Walton, 1999).

2.2 Strategic Operation Currently in Place at Apple

2.2.1 SWOT Analysis (see appendix 1)

Upon analysing Apple using a SWOT analysis there are determined key influences that has formatted Apple's current strategy.

Loyal Customer Base (Strength)

A survey conducted in the States in 2021 (Lindner, 2023) suggested that iPhone users have a higher loyalty than Samsung at a customer retention rate of 90% and Apple consumers have pledged their loyalty on social media. Apple have implemented several strategies such as quality, design and user experience to achieve a high loyal customer base allowing a competitive edge to other smartphones. In a saturated market where other leading manufacturers offer compelling products Apple have consistently differentiated and grown by their layer on services though this is not a new play for Apple they have upped the strategy beyond the likes of iCloud and music to more extensive content such as the healthcare market and finance due to a shift in consumer behaviour towards purchasing more services so service strategy has long term potential to generate revenue. The brand's strategy focuses on three key areas, content, wearables and financial services (Forbes, 2019). However, Apple are consistently known for design and innovation so are heavily reliant on product launches to drive sales and if a product launch is delayed it can impact sales. The brand must continuously develop to maintain steady growth causing pressure on the business. The product diversity is relatively limited in comparison to other brands focusing on smartphones, tablets and laptops. Though the products are popular it has become a barrier for the brand to reach new market segments.

Premium Prices (Weakness)

Apple also portrays an image of exclusivity which can cause a hindrance to customers who cannot afford such premium prices (LinkedIn, 2023). According to Forbes (2023) the brand has overcome such barriers due to sales in emerging markets in Indonesia, UAE, and India doubling on a year-on-year basis in the March quarter records. Apple have heavily focused on India for the growing middle class. A survey conducted has indicated that the middle-class population has grown from 14% in 2004/05 to 31% in 2020/21. Bloomberg News (Reuters, 2023) stated that sales grew by 46% year-on-year to roughly \$6bn in the trialling year ending March 2023 compared to \$4.1bn in the year March 2022. Apple in recognition of the opportunity has significantly increased production of iPhones in India of almost 7% of its total production up from 1% in 2021. Apple is aggressively seeking to expand in India for production and retail in the coming years and Apple believe the strategy will generate an annual revenue of \$20bn by 2025 (Forbes, 2023). Apple holds a global market

share of 26.91% and it faces competition from Samsung who hold 29.14% market share. In 2018 Apple had 506 stores operating in 25 countries whereas Samsung has stores in 74 countries (LinkedIn, 2021).

Production Costs (Threat)

The Standard (2023) states that market research has indicated that Apple's most expensive smartphone cost less than 50% of its RRP to manufacture. The iPhone 14 Pro max costs around £372 in raw materials while retailing at £1,199 in the UK. This does not consider production and assembly costs. The iPhone 15 production cost is higher (\$558) than the 14 model and prices could be passed on to customers. This is a record high for component costs which rose around 20% in 2022. Despite this Apple have not increased retail prices and absorbed the impact of increased expenses. However, if Apple continues to absorb such costs it will soon take a hit and may increase retail prices in next year's launch of the iPhone 16 (Charlton, 2023).

2.2.2 PESTLE Analysis (See appendix 2)

On completion of a PESTLE Analysis there are key influences that can affect Apple. In July 2020 Ireland succeeded a court ruling that denied Apple from claiming back €14bn in taxes. The tax regime has been highlighted in Ireland and has posed a problem globally. In 2015 the country's annual GDP growth was a staggering 26.3. One of the brands responsible for the boost was Apple.

The Biden administration set tough technology controls including measures to cut China from buying certain chips manufactured globally using US tools and those who use US technology are required to cut support for China's leading factories to push back China's chip manufacturing at least a decade (Forbes, 2023). Furthermore, in 2023 China had implemented a ban on bringing iPhones and foreign devices to work for staff working in government (CNBC, 2024). This is the same stance as the US and other countries placing sanctions on government workers relating to Huawei and ZTE devices which have Chinese manufacturers claiming the devices pose a security threat (Dans, 2023). The decision to exit the Russian market in 2022 due to the conflict with Ukraine has also incurred losses. This has faltered Apple's stock, so the company has implemented strategies to sustain such challenging times. The economic crisis

has shown a glimpse of how Apple values the research and development (European Business Magazine, 2022). Though Apple have stopped sales of physical products they have maintained strategic capability in Russia by operation of the Apple Store and a few of its subscription services (Financial Times, 2024).

Apple stopped sales of its physical products in 2022, but its App Store and some of its subscription services still operate. At the end of 2022, Apple gave up its office in the centre of Moscow, though it still has two legal entities that operate in the country.

In 2022 (Financial Times, 2022) Apple has increased wages for its staff to deal with increasing inflation and competitiveness in the labour sector. The brand has increased the hourly pay in the US by 45% from 2018 to \$22 per hour. Salary increases outside of the US are starting but Apple have not provided disclosure of the budget. Factors such as the covid pandemic and homeworking coupled with labour shortage have strengthened the worker's market in the US with employees challenging policies pushing staff back into work. Some have formed unions demanding better wages and working conditions. The publication The Information working alongside two human rights groups identified seven businesses that supplied services and products to Apple supported forced labour programs which targeted the country's Muslim minority Uyghurs who could be jailed for refusing the work (The Verge, 2021). President Biden signed the Uyghur Forced Labour Prevention Act into law in 2021 in response to the Chinese government's forced labour on the Uyghurs and other ethnic minorities and now any goods produced and imported from the Xinjiang Uyghur province region is prohibited (Forbes, 2023). Apple (2023) state that they do not tolerate forced labour and in the 50 countries in which they operate there are teams of experts who monitor suppliers and have procedures in place to verify no one is forced to work. Apple stated that they found no evidence of forced labour in any of their operations though their supply chain had previously been linked to forced labour in China and in 2021 Apple cut ties with a supplier over allegations of its link to coercive government labour programs (Bloomberg, 2021 and The Verge, 2021).

2.2.3 Porter's Five Forces Framework (see appendix 3)

Threat of Substitutes

One of Apple's major competitors is Samsung who are head-to-head in the mobile handset market. As of 2012 Samsung have maintained a stronghold control 20-30% of the market while Apple are lagging at 13% and as of 2019 Samsung employees double the staff to Apple (320,000 in comparison to 137,000) meaning they have the capacity to cope with consumer shift in steering away from iOS and towards Android (Freeman, 2023). There was some strong growth in Android operating systems in the second half of 2023 due to emerging trends however iPhone demonstrated positive growth bagging the number one spot despite challenges such as competition from the Chinese Huawei and regulation (Apple World Today, 2024).

Threat of New Entry

Apple's head of hardware, John Ternus stated that to make iPhones more modular, long lasting, and easier to repair would pose a few challenges as a modular design would require more connectors which would make the device more prone to fail over time. There was also a concern on a greater carbon footprint as there will be more materials needed however, Apple and other brands have an obligation to make devices last longer and repairable to cut the overall 75% of carbon footprint which occurs during production (Fairphone, 2023). An analysis conducted by Asymco, the average lifespan of Apple products over the last decade amounted to just over four years. Apple studies have indicated that consumers keep a new Apple device for three to four years but argue majority of the products last longer and are usually resold, passed on returned to Apple (Forrester, 2021). Though this can pose as a potential strategic drift, Apples initials costs for products in comparison to other brands is still low (cost of ownership/TCO) as the TCO takes in consideration the lifecycle of the device and not just the acquisition costs (Locast, 2022).

2.2.4 BCG Matrix (see appendix 4)

Upon conducting a BCG Matrix analysis, there has been brand activities undertaken to promote growth opportunities by Apple are as follows:

Stars: The iPhone has hit a record high market share in 2023 despite the smartphone market dropping 3.2% year on year to 1.7bn units in 2023. Apple sold 235 million iPhones for 20.1% market share fuelled by strong trade-in offers and interest free finance options in comparison to sales of 226 million (18.8% market share) in 2022. According to The New York Times (2023) the general principle about electronics is that the older the device there will be more competition and price decreases. Though this was true with the likes of computers and portable music devices and was suggested to happen to smartphones the iPhone has defied the trajectory. In 2023 Apple had unveiled the 17th version of the flagship device increasing its share of sales over inexpensive rivals.

Cash cows: Apple has more than half the market's revenue with the Apple watch and is the biggest vendor of smartwatches. In 2022 the Apple watch has accounted for 34.1% of all shipments of smartwatches however research suggests that despite strong growth in the first nine months of 2022, the last quarter saw a decline of 3% of smartphone shipments year on year. The decline in growth was the first since the covid pandemic in 2020. The decline has been linked to slow growth in India and inflationary pressures. Furthermore, there has been a shift in the market with the decline of sales of mid-priced smartwatches while the sales have increased for both the low- and high-priced smartwatches (Apple Insider, 2023). In the first half of 2022 (North America) the Apple watch attach rate reached 30% of iPhones, the highest rate since the launch in 2015 where only one smartwatch was sold to every 10 iPhones. This shows the increasing popularity of smartwatches in the US market. There has been steady growth since the launch though demand was relatively low due to consumers deeming the device a fashion accessory rather than a beneficial tool that can improve daily life. Now that the smartwatch has gained maturity the device is linked to three life elements which are health, wellness, and fitness (Counterpoint, 2022). Analysis of data state annual sales of 53.9 million in 2022 making the Apple watch the fourth best-selling product the brand sells behind the iPad, iPhone, and Air Pods. Apple are not the pioneers of the smartwatch as Garmin and Fitbit were on the market for a while before the introduction of the Apple watch however have managed to surpass its rivals placing themselves in leading position. The success of the watch lies with the integration with the brand's ecosystem which has a dedicated loyal consumer base. Apple's new product categories, Home, Accessory, and wearables segments earned the brand \$41.1bn in 2022, a 7%

increase from 2021 which made one tenth of total revenues in 2022. The sales of the smartwatch are estimated to a contribution of around \$14bn-\$18bn annually (Apple World Today, 2022).

2.2.5 Stakeholder Analysis (see appendix 5)

Suppliers

Apple (2023) state that their products and services require resources from a chain of global suppliers which is complex and varied and includes manufacturers that build parts to the suppliers who source raw materials.

Apple have continuously evaluated and updated its Code and Standards over 15 years since its creation in 2005 to ensure that suppliers are up to standard and align with legal norms. A green peace report (CNET, 2023) found a key iPhone supplier's carbon footprint increasing steadily. In 2022 the Taiwanese supplier Foxconn who are the brands largest supplier has received a D+ grade for its decarbonisation efforts which is the 2nd lowest rating of all assembly companies. Foxconn was ranked behind another Apple supplier Luxshare Precision who received the highest grading of a C+. The report assessed other supply chains who supply to Samsung, Microsoft amongst others.

Apple have always promoted itself as an environmentally conscious brand and is regarded as a leader in the tech world. The Apple Watch 9 has been promoted as a carbon neutral product and in addition have made attempts to prove its stance by ending the use of leather and introducing FineWoven textile with 68% recycled content. Apple are committed to decarbonise its supply chain by 2030 and so far, 300 suppliers have pledged to use clean energy. However, Apple and similar companies should not promote as 'green' when not a single of Apple's suppliers have achieved 100% renewable energy in its operations.

2.2.6 Porter's Generic Analysis

Differentiation

Apple have been relentless on delivering pioneering user experience and this strategy has been the benchmark for its success. The brands seamless design of software, hardware, and services to the simplicity of functionality have met

the needs of its consumers. Apple is also continuously reshaping industry with innovative products with groundbreaking technology. The ability to integrate the brand's software, hardware and services has played to the source of competitive advantage. The seamless cohesive experience has encouraged a loyal customer base with its ecosystem on to one platform (Walking Giants, 2024). Apple's strategic approach is that once a customer has purchased one product then they are more likely to purchase or at least try completing the set. The data can migrate from device to device and any new products will fit into the current 'mold' ensuring a massive market disruption.

Apple have kept their iOS software embedded into the Apple ecosystem and is not an open wider source approach giving the brand full control over the scope of software applications and product sales (Smart Advantage, 2024). In a technology driven world organisations spend a lot on R&D to meet technological demands and Apple have been innovative from the beginning. In 2019 Apple have spent \$4.2bn on R&D the most ever spent in one quarter however the vast revenue on research has resulted in high financial growth for the brand (Medium, 2020).

2.3 Advantages and Disadvantages of Apple's Strategic Capability

Advantages of Apple's strategic capabilities include:

Apple ecosystem – The brand's ecosystem is the core component for the high consumer purchases and the main competitive advantage, as it is controlled internally withstanding threats in its markets and disruption (Seeking Alpha, 2022). The layer on services such as the iCloud add to strategic capabilities to withstand and lead in a saturated market (Lindner, 2023).

Loyal customers – Apple have a customer retention rate of 90% which is due to the user-friendly products which are of high quality and design (Lindner, 2023). The success in brand loyalty combined with differentiation has allowed Apple to set an artificial barrier for its competitors (The St Andrews Economist, 2021).

Apple products – Apple products are adored by the masses for their unique design and longevity. Though Apple have faced criticism for not allowing for user customisation options or flexibility as Android products the iOS makes up with the ease of use. The software is designed so that anyone can easily navigate it. Apple have professional grade software such as Final Cut Pro X which is designed and suited for industry leaders while at the same time have

software to suit overwhelmed first-time users. Furthermore, Apple were pioneering in its use of premium hardware of glass and aluminium while the market was dominated with cheap plastic materials (Newman, 2022).

Disadvantages of Apple's strategic capabilities include:

Premium prices – Apple are known for their premium pricing (LinkedIn, 2023). Apple's objective was never to sell a low-cost phone but rather to sell a phone which provides the best experience at the lowest cost. The pricing strategy includes manufacturing the product, sales tax, marketing expenses, and import and export costs alongside others. Then comes the profit margin for the manufacturer and finally the retail price is strategised. Price skimming is utilised by Apple, products are sold at a high price so even if there are fewer sales manufacturers can break even (The St Andrews Economist, 2021).

Heavy Competitors – Apple's overall performance in China holds severe implications for the brands' financial health due to the formidable competition from the local giant Huawei which boasts 5G connectivity, the global benchmark for handsets. Another global competitor is Samsung who are often leading in the global smartphone share and the new Samsung Galaxy Z Fold5 pose a formidable threat to the iPhone 15 (McIntyre, 2023).

3.0 Conclusion

In conclusion to the report, it has been determined that Apple do have strategic capabilities. The strategy implemented should provide a benchmark for others who want to achieve global success, growth and revenue. Apple have created a whole ecosystem in which customers can fully immerse themselves to enrich daily lives providing customers not only to purchase products that are uniquely assembled and designed but also stay with the brand in the future. The brand has gone further to create products to enrich peoples' lives and champion their technological advances by understanding consumer behaviour. Apple are not only reliant on the sales of hardware products but have also a reputable service platform online and offline which align with the products on offer. The ethos of the brand is the unison of one universal platform. To maintain sustainable organisational growth, Apple must continue in investing in research and development and ensure they are producing new innovative products which will in turn keep them ahead of its competitors. Another strategy going forward is to grow and lead in its market

reach in all market segments. As Apple are not only an electronics market but also provide services will allow the brand to penetrate markets its covers by ensuring markets that are not striving can be worked on and developed. Market growth is significant for Apple to maintain its position. Apple have recognised market growth and emerging trends in Asia and UAE and have ramped up production and sales in countries such as India and revenues have doubled year on year. Apple's recognition of the emerging trends is on track to rival its biggest competitor Samsung. Apple can intensify its sales and revenues further by promoting and marketing on media outlets which will encourage more people to purchase into the brand and be part of the ecosystem. Apple need to understand and penetrate other developing parts of the world where product placement will be beneficial to sustain growth opportunities.

A strategic drift identified is the premium pricing, though it might not pose as a severe threat and though Apple state the prices reflect the uniqueness of their products have left a large chunk of consumers who cannot afford such premium price tags. The pricing strategy is aimed to give a sense of luxury and exclusivity to the brand is so far working. As the competition is fierce with similar products on the market there is a threat of diverting customers who are price sensitive. Apple is also heavily reliant on newer versions of an existing product to sell. There is scope to produce budget friendly alternatives to suit everyone's finances.

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5.0 Appendices

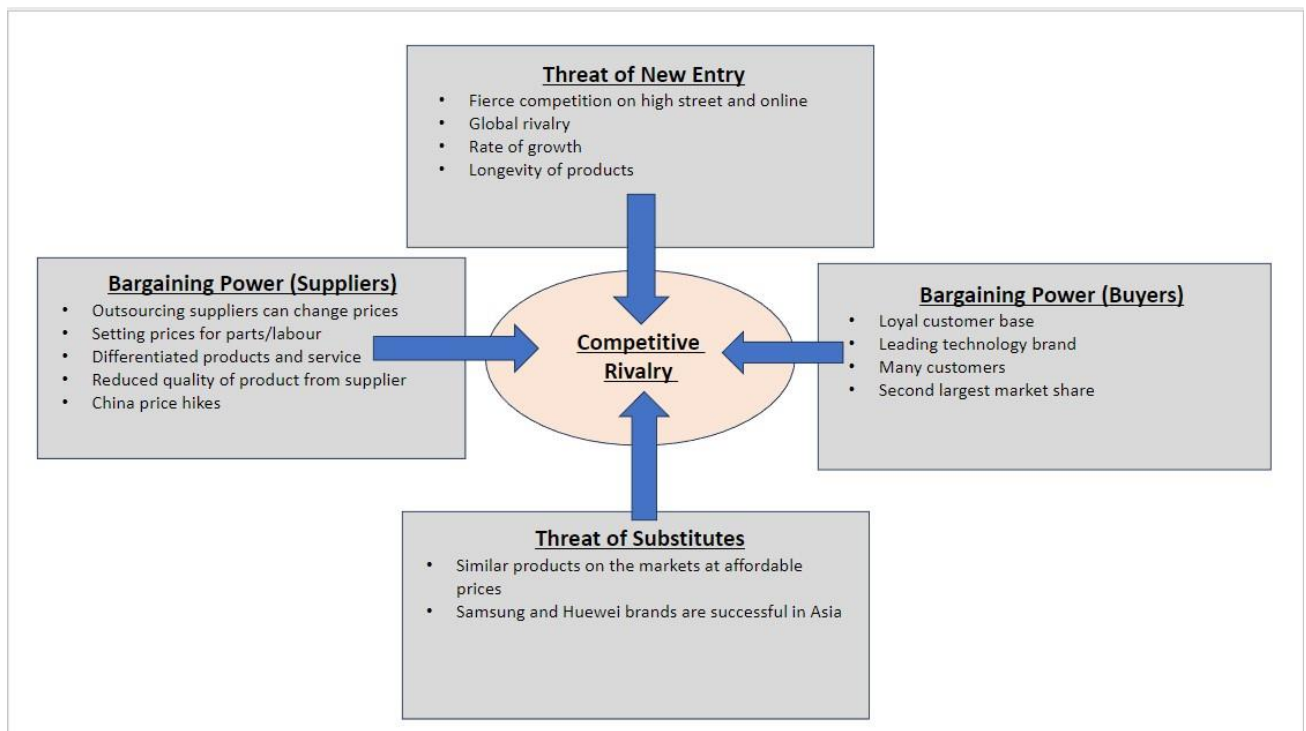
Appendix 1 SWOT Analysis

<u>STRENGTHS</u>	<u>WEAKNESSES</u>
• Recognised brand globally • Pioneered technology (ability to design entire solutions to products) • Loyal customer base • Huge market share • Diverse product range	• Premium prices (not affordable to most) • Other operating systems are not compatible with Apple's system • Design of the iPhone have not changed in appearance • Misuse of customer data • Heavily reliant on iPhone sales for revenue
<u>OPPORTUNITIES</u>	<u>THREATS</u>
• Continuous growth opportunities such as the tv streaming service Apple Tv, Apple Pay and gaming • Investment into Apple music and iCloud as appose to hardware products • Development in artificial intelligence to make products more user friendly • Eco friendly products to benefit the environment • Use of virtual reality to enhance products • Globalisation opportunities to sell products in emerging markets through reputable companies directly increasing revenue	• High dependency on China to manufacture and distribute its products • Disrupted supply chain due to Covid has influenced operations • Counterfeit products made using the brand's name which are inferior so giving brand a bad image • Competition from brands such as Samsung and Google • Apple tv streaming competing with giants such as Netflix and Disney+ • Apple pay competing with Paypal • Competition imitating Apple products in countries where Apple's intellectual property is not protected • The war between Russia and Ukraine and abandonment of operations in Russia incur losses • Apple's production cost increases due to US's high tariffs on China

Appendix 2 PESTLE Analysis

<u>Political</u>	<u>Economical</u>	<u>Sociological</u>	<u>Technological</u>	<u>Legal</u>	<u>Environmental</u>
• Trade disputes between China and US • Payment of tax (government taxation changes can affect Apple) • Dispute with FBI regarding hacking of phones of terrorists/criminals • Apples' reputation for customer privacy over law	• More than 57% of total sales are from international markets (outside of US) • Changes in interest rates can affect revenue • Cost of labour increasing in developing countries especially China • Increasing inflation rates in US • Fluctuations in exchange rates can impact profitability • Increase/decrease in consumer spending • Pulling out of Russian market due to war	• Changes in consumer preference • Rise of nationalism places restrictions on Apple purchase • Demographics and population growth • Digitalisation and social media	• Increased Regulation of technology • Cybersecurity threats • Technology lifecycle • Product obsolescence • Digital ecosystems and platforms such as iCloud and iOS	• Intellectual property protection • Data privacy regulations • Lawsuits • Data protection laws • Labour and employment laws of countries	• Waste disposal • Climate change • Environmental sustainability • Corporate social responsibility

Appendix 3 Porter's Five Forces Framework



Appendix 4 BCG Matrix

	<u>High</u>	<u>Medium</u>	<u>Low</u>
<u>High</u>	• iPhone • Apple iTunes 	• Air pods • Air tags • Apple tv • VR vision pro • Home pad 	
<u>Medium</u>	• Apple watch • iPad • Apple pencil 	• PC • iPod • MacBook 	
<u>Low</u>			

Appendix 5 Stakeholder Analysis

		<u>Low</u>	<u>High</u>
<u>Power</u>	<u>Low</u>	- Customers - Employees	Suppliers
<u>Influence</u>		Minimal Effort	Keep Informed
<u>Power</u>	<u>High</u>	- Legislation and law - Government regulations	- Shareholders - Investors
		Keep satisfied	Key players

Appendix 6 Porter's Generic Analysis

		Competitive Advantage	
		Lower Cost	Differentiation
Competitive Scope Lower Cost & Differentiation	Cost Leadership		Differentiation - Products design and user friendly - Product innovation through R&D - Products are different from competitors
	Cost Focus		Differentiation Focus iOS operating system

