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| Strategic Management |
| Apple INC Write-up |
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**Bargaining power of suppliers:**

Amongst suppliers, there are two types: Those that supply items with many sources and those that supply things with few sources. An example of many sources would be memory chips, disk drives, keyboards, etc. In these cases, the bargaining power of suppliers is low because of the competition driving the price lower and offering many substitutes. An example of few sources would be microprocessors and operating system which are dominated by Intel and Microsoft. Because of the limited supply of these items, switching costs become quite high thus giving power to the supplier to bargain with the industry.

**Bargaining power of customers:**

Customer bargaining power is high because they can easily switch between different companies to buy computer products. They are not locked in with any one brand. In addition, the competition amongst companies creates pressure towards increased computer quality and customer service.

**Threat of new entrants:**

There is a low threat of entry. The industry is dominated by several large manufacturers which have economies of scale on their side making it difficult for new small firms to make it. The only way to beat it would be to create a differentiation advantage but it is hard to differentiate the computer simply due to how many things it can already do.

**Threat of substitutes:**

There is a low threat of substitution in the industry. The computer has become more than a simple machine, but has become part of our daily lives, there are variations on what the computer is but there are very few products that can actually take the place of a computer.

**Rivalry amongst existing firms:**

Rivalry amongst existing firms is high; people are sensitive to prices which lead to price wars amongst competing firms. The computer industry also has a great deal of innovation and technology which leads to short production cycles as firms struggle to push out their products.

When considering these forces, it can be said that the industry IS attractive. This is because there is room for innovation in peripherals which if successful, can garner a great deal of profits.

2.

Apple has had several competitive advantages going for them which are mainly in the differentiation category. Differentiation advantages arise from many sources. An example would be their user-friendly OS which had value to many customers for being “easy to use.” Their products are also more sleekly designed which gave off the feeling of “coolness.” Another competitive advantage Apple offered was their aftermarket software such as the Appstore, iTunes, iCloud, etc. These programs helped consumers enjoy a variety of media, and while these programs were not exclusive to Apple products, they promoted sales of Apple products and helped with the brand’s image.

Apple’s resources and capabilities are strong. Their ownership of both the hardware and software of apple gives them the capability to create products that run smoothly with one another. Another advantage is their proprietary software which lets creates a channel to easily distribute their software products to customers.

3.

In order to create a sustainable advantage a firm’s resources and capabilities need to be valuable, rare, and inimitable and be organized to exploit. For MP3’s, smartphones and tablets, their products combine the features of the internet, data storage, ease of use in an “all-in-one” package creating a valuable package. Their MACs are not as valuable because the PC does pretty much everything the MAC does now. Apple products do not have many rare advantages as there are many other smartphones makers out there that compete. Their products are also easy to imitate in the sense that any software innovations that are successful can easily be copied by other firms. The organization is however very well equipped to exploit its advantages mainly through its brand name. It does so by focusing on developing software that complements its products and keeping in line with the ideals of simplicity and ease of use. While there may not be a significant advantage when it comes to Apple, their competitive position is sustainable due to some of its key resources.