

Running head: Apple Case Study

Apple Strategic Plan

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Executive Summary

Apple Inc commonly known as Apple has effectively managed to be a successful company in a very competitive consumer electronics industry by been innovative and differentiating the company's products with similar products in the markets by offering high quality products and good customer service while the actual manufacturing of the products is outsourced to trusted third party suppliers. On a wider perspective, the company has set high standards that even the company itself has to be on its level best to maintain the standards that it has set.

Over the last few years, the consumer electronics market has become heavily commoditized which as a result has seen intense completion from competing firms in the industry where price has become the main aspect of the competition. By making use of the talented research and development team, Apple has been able to position its products as the best in terms of innovativeness, performance and reliability while compared to similar products in the market. However, Apple needs to continuously review its strategies to make sure that the company maintains its position in the industry for many years.

This strategic plan review Apple's performance and environment from various perspectives before strategic recommendations are made on the conclusion section. Among others the Internal Factor Matrix, External Factor Matrix, SWOT strategies and SPACE matrix have all been used in order to establish Apple's current position in the market. In order for Apple to retain its position, the report recommends that the company increases its presence in markets where it is yet to have any presence, increase its social corporate responsibility initiatives and spend a lot of money in research and development so that new products with unique features can continue been developed.

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Overview of Apple

Apple Inc is a multinational company that is based in America and headquartered in Apple California located in California, U.S. Apple was established in April 1976 by Steve Jobs and Steve Wozniak and was incorporated in January 1977. The company designs and later sells consumer electronics, personal computers and computer software. The Macintosh range of personal computers, iPod, iPhone and the iPad are among the Apple's best known products. Some of the software sold by the company includes Final Cut Studio that is a music and video production suite, Aperture which is Professional photography software, iTunes media browser, Mac OS X operating system and Logic Studio which is a music production suite (Apple, 2012).

As of May 2012, Apple (2012) indicates that the company has over 300 stores located in more than ten countries in addition to the online store. Banton (2011) describes Apple as being among the largest technological companies in the world as far as companies' traded in the world by market capitalization are concerned. According to Banton (2011), some analysts have even suggested that Apple has more cash than the US government. Apple (2012) states that, the company has more than 60,000 employees employed on permanent basis and 2,800 temporary employees world wide.

Regardless of the success that the company has enjoyed, it has at times received extensive criticism for the way it treats its contractors as well as the impacts that the company's operations have on the environment. Some of the heavy criticism that the company has received recently has been that workers working for Apple suppliers in China live in unhealthy conditions where they are also paid meager wages.

The aim of this report is to review Apple's performance in reference to the environment within which the organization operates in and as a result of the review, develop a good three year strategic plan for the company.

Apples Current Challenges

Apple's biggest challenge is being able to find the appropriate replacement of the visionary Chief Executive Officer (Steve Jobs) who died in October 2011 and was responsible for turning the company into what it is currently. Apple needs to pursue Steve Job's strategies that propelled the company to new heights as the company was viewed as being innovative and market leader when it comes to new products. Another challenge posed by Apple is that there is increased competition from established competitors like HP, Google, Microsoft and Dell among others. In addition, environmentalists have regularly accused Apple of not properly disposing its old products where a high level of toxic chemicals are believed to be contained in Apple's products.

Apple's Current Vision and Need for change

Apple's current vision as quoted by Banton (2011, P, 90) states that " Apple ignited the personal computer revolution in the 1970s with the Apple II and reinvented the personal computer in the 1980s with the Macintosh. Apple is committed to bringing the best personal computing experience to students, educators, creative professionals and consumers around the world through its innovative hardware, software and internet offerings". A closer look at the vision statement indicates that the statement is poor and needs change since it does not clearly indicate how the organization will achieve its mission. In order for the vision statement to be

seen as adequate, there exists a need for the statement to indicate objectives of the company in terms of been the industry leader which will be achieved by proving quality and reasonably priced product to the potential customers.

Apple's Current mission and Need for change

Apple's current mission statement as stated by Banton (2011, P, 90) states that "Apple computers is committed to protecting the environment, health and safety of our employees, customers and global communities where we operate. We recognize that by integrating sound environmental, health and safety management practices into all aspects of our business, we can offer technologically innovative products and services while conserving and enhancing resources for future generations. Apple strives for continuous improvement, health and safety management systems and in an environmental, health and safety management systems and in the environmental quality of our products, processes and services". Unlike the company's vision statement, the mission statement can be argued to be quite detailed and well articulated since it covers all aspects required in an effective mission statement. From that perspective, Apple's current mission statement does not need any change and should not be amended.

Apple's Current Position

Apple can be argued to be at a very strong position since the organization has different revenue streams and does not solely depend on the sale of computers. The company has more than 46,000 employees and had sales revenue of \$ 65, 225 million in the year 2010. When it comes to volumes of music downloaded in the world, Apple is the market leader where as it among top five in computer products market just behind rival companies HP and Dell. Surprisingly as can be seen from the figures used by Banton (2011), the slow economic growth

experienced in various markets during the last few years have not had major impacts on Apple's performance as the company's net revenues have increased over the years. According to Apple (2012), Apple's new Chief Executive Officer Tim Cook is quoted to have stated that 250 million devices that contained the iOS software such as iPhones, iPads and iPods have been sold while more than 1 billion Apple apps are now been downloaded per month from the Apple App store where as \$ 3 billion has been paid out to developers, the users of Mac worldwide were approaching 60 million which implied the company had a 23% market share of the PC industry as of August 2011 where as the iPhone growth year on year basis has been 125%.

In order for Apple to continue achieving the same kind of success, the company needs to markets its products more aggressively as well as establishes its presence in countries that it is yet to establish its presence in.

Competition

Apple competes in three different fronts namely the computer industry, handset industry and the music industry. Apple relies on its innovative design team to design and create the various operating system and hardware that differentiate the company's products with the products offered by the competitors. The company's apparent quality means that the company is able to charge high prices for its products while compared to equivalent products by the competitors. During the last few years, Microsoft and Google who are some of Apple's biggest competitors have developed products that can be argued to be in response to Apple's innovative products. Google's Android platform has been developed to directly compete with Apple's iOS platform that runs through all the iPhones where as Window 7 was introduced in order to give windows user a Mac OS feel. As far as the computer markets are concerned, Dell sells more

computers than Apple simply because the company has adopted a low price strategy where as Apple charges premium prices for its computing products.

External Audit and External Factor Evaluation

Opportunities

By intensifying its efforts in China, Apple can be able to considerably increase the number of its customers since the population of China is approximated to be over one million people. In addition to China, Apple should also aim at increasing its presence in other potential markets that the company is yet to establish presence in.

Apple should exploit the effective research and design department that it has to the maximum to make sure that the company continues to develop new innovative products that are attractive for the mass market.

The increased number of computer viruses and worms can be argued to be a major opportunity for Apple to increase its market share in the computer markets since Mac OS computers cannot be attacked by viruses.

The recent efforts by various governments to crackdown on illegal file sharing websites means that Apple's iTunes can now appeal to a wide clientele base.

Threats

The numerous illegal file sharing sites poses great threat to Apple's iTunes as potential customers who would have paid money to Apple in order to be able to download songs usually ends up getting the songs free of charge by downloading them form the illegal file sharing sites.

The recent economic downturn has meant that consumer spending power has been drastically reduced which in turn would in turn mean low sales figure for Apple products. Even

though Apple revenues continue to increase despite the hard economic times, it is important that Apple anticipates situations where customers prefer other products since they are cheap.

Another threat faced by Apple is that the company is faces strong completion from its competitors. The organizations that Apple competes with are also well established and pose a threat to Apple since they can create products that directly compete with Apple's products at cheaper costs.

Majority of companies in the technological 'world' have the perception that Apple products are not compatible with the widely available software like Microsoft.

The fact that Apple depends on few contracted partners to produce Apple's products means that the company is exposed to product supply risk which may adversely affect the operations if they occurred at any time.

Social factors

Apple products have proved to be successful in various cultures basically due to the fact that the products are dependent on advancement of technology something that has been embraced in almost all corners of the world. That said, Apple needs to thoroughly consider each market as an individual market and develop marketing strategies that are going to be effective in each market.

Political factors

Since Apple has presence in various countries, the company has to make sure that it adheres to the specified rules and regulations in the various countries in terms of tax rates to be paid, employment rules, business rules and many other aspects.

Environmental Factors

As far as the environment is concerned, Apple (2012) states that the company thoroughly considers the impact that the company's products have on the environment when been used and after they have stopped been used. The company states that less material is now been used in all aspects of the products to make sure that the impacts that the company has to the environment is minimized to the lowest level possible.

Technological factors

Apple is widely considered to be among the most technological innovative company in the world. The company's products are seen as market leaders in the various sectors that Apple serves and competitors have to be always on their toes in order to make sure that they have products that can compete with Apple's product offerings at all times.

Apple EFE Matrix

Key External Factor	Weight	Rating	Weighted Score
Opportunities			
Increase presence in other countries	0.15	4	0.60
New Product developments	0.10	4	0.40
Increased virus and worm attack	0.10	2	0.20
Government crackdown on illegal downloading sites	0.15	4	0.60
Threats			
Various existing illegal file sharing websites	0.10	4	0.40
Economic downturn	0.05	4	0.20
Competition from established competitors	0.15	4	0.60
Perception that Apples products are not compatible	0.10	2	0.20
Very few suppliers	0.10	3	0.30
TOTAL	1		3.50

4= Superior Response 3= Above Average Response 2= Average Response 1 = Poor Response

Figure 1: Apple EFE Matrix

The weighed sum of 3.5 indicates that Apple’s strategies should be effective in making use of the opportunities in the industry while at the same time dealing well with any threats.

Internal Audit & Key Financial Ratio Analysis

VRIN/VRIO Model

The VRIN or the VRIO model is a resource based view that examines whether an organization can use its resources in order to create a competitive advantage.

Resources	Value	Rarity	Imitability	Non Substitutable	Competitive Advantage
Apple Brand	Yes	Yes	Yes	No	Sustained
Ease of Use	Yes	No	No	Yes	Sustained
Hardware Used	Yes	No	Yes	Yes	Parity
Apple Software	Yes	No	No	No	Temporary

Figure 2: Apple VRIN analysis

Value

The main aim of majority of Apple’s products is to integrate multiple functions in one product so that users can be able to get value for the products that they purchase from Apple. This approach makes Apple products give value to customers since they can do quite a lot with one single product. For example, an iPad gives value to users in the sense that it can be used to make voice calls, watch movies, listen to music, and take photos, internet browsing and editing documents among others.

Rarity

There exist numerous products in the market that directly compete with Apple's products. However, Apple has been able to position its product as the ultimate products in terms of innovativeness, performance and reliability as customers view them to be of higher quality while compared to similar products in the market. It is this uniqueness in the products that helps make Apple a successful organization.

Imitability

There exist various products in the market that can to an extent offer the same features offered by Apple products. In particular Google's Android platform was developed after iPads and iPhones proved popular with customers. However, Apple has already managed to position its products as been the best that the market has to offer implying that it would take some time before Apple loses its position in the market.

Non Substitutable

Apple products can all be substituted with other alternative products. But what cannot be substituted is the esteem that comes with the brand name something that has helped Apple attracts more customers while keeping hold of older customers.

Internal Factor Evaluation

Strengths

The iTunes platform is good revenue stream since it is available for various Apple products and is also compatible with Windows platforms. The company's loyal customers mean that Apple does not have to compete with competitors in terms of prices but in terms of performance and reliability. The fact that the company has no debts means that Apple is able to

invest in any undertaking that the management deems to be appropriate for the organization. The point that Apple always develops its existing products means that the company will always be able to attract new customers or encourage repeat purchases from existing customers. Apple's flagship retail stores serve as demonstration points where customers who doubt any features of Apple's products can get to test them. Finally apart from informing customers about the features of all Apple's products, Apple's website is also used as a sales channel to customers who prefer to buy online and direct from Apple.

Weakness

Apple depends too much on product launch to help create attention for its products. Moreover, the company has weak relations with other key organizations in the market that have the potential to take Apple to new heights if Apple was willing to partner with these organizations an ideal example being Microsoft corporation. Finally, unlike the other competitors who have strong presence in various markets, Apple's presence is mainly concentrated in Japan, America and Europe.

Apple IFE Matrix

Key Internal Factor	Weight	Rating	Weighted Score
Strengths			
iTunes platform is a good revenue stream	0.10	4	0.40
Customer loyalty that makes the customer price insensitive	0.10	3	0.30
No debts means Apple can invest in other sectors	0.15	4	0.60
Existing products are of high quality while compared to competing products in the market	0.15	3	0.45
Strong brand that is quite popular among the Apple customers	0.15	4	0.60
Apple products are hard to imitate	0.15	3	0.45
Weakness			
Apple is too much dependent on product launch	0.10	2	0.20
Poor relations with other key players like Microsoft	0.05	1	0.05
Strong presence only limited to few countries	0.05	1	0.05
TOTAL	1		3.1

4= Superior Response 3= Above Average Response 2= Average Response 1 = Poor Response

Apple's weighted score of 3.1 proves that Apple has effective strategies in place that can respond well to the opportunities and threats in the business environment.

Porter's five forces

Porter's five forces model is an outline for any industry analysis that is used in analyzing an industry. The five competitive forces are; threats of new entrants, bargaining power of customers, threat of substitute products, bargaining power of suppliers and competitive rivalry within an industry. By applying Michael Porter's five forces framework, it will help establish Apple's position in the market.

Threats of new entrants

In situations where it is easier for any investor to invest in a sector, then the threat of new entrants can be considered to be very high. The nature of barriers in place in a particular industry will establish the degree that threats of new entrants pose to the industry, it can be argued that the threat of new entrants in the Pc, tablets and smart phone industry is very high since as noted by Kim (2012), huge amounts of capital for R&D and marketing have to be spent in order to bring a smart phone or tablet to the market. In addition, Kim (2012) notes that economies of scale have to be taken advantage of in order to gain a platform and access the distribution channels effectively. Some of the new entrants to the industry that have contributed to the decrease in the profitability in the industry include HTC, BenQ, Huawei, ZTE and Lenovo.

Bargaining power of suppliers

Suppliers in any sector include suppliers of the various raw materials used in manufacturing of specific products. The power of suppliers in any given industry will normally

be determined by the amount of suppliers in the given industry. This means that few suppliers in any industry will imply that the suppliers have more bargaining power.

The threat of suppliers in the Pc, tablet and smart phone industry can be said to be very high since there exists very few suppliers of digital signaling chips and operating systems. Texas Instruments as noted by Forbes (2010) is the major supplier of signaling chips to various computers and handset manufacturers. Existence of few suppliers implies that they can manipulate the market at any time since they have a lot of bargaining power.

Bargaining power of buyers

The large array of Pcs, smart phones and tablets has created a lot of power at the hands of the consumers. However, once the initial purchase has been made, brand loyalty may begin to formulate. The Apple store offered on many platforms is not transferable to another brand, which may be deemed as a high exit costs. Although at first analysis it may seem that the consumer has a large array, their choices are restricted temporarily as often the products are bought whilst being contractually bound to a network provider/carrier. Arguably this leads to the perfect situation for the consumer to become acquainted with their product and ascertain brand loyalty. The consumer has a lot of bargaining power, however – it may be expensive both financially to terminate contracts and personally as they may lose their apps and software which they have built their device around.

Threats of substitute products

A substitute product can be described as a product that is unique while compared to another product in the market but can meet the needs usually met by the product that it is different with. Some of the substitutes to the Pc, tablet and smart phone industry include emails

and fax. However, substitute threats cannot be said to be very high since they cannot be used in urgent cases unlike in voice calls.

Rivalry among existing competitors in the industry

Rivalry between competing firms in a given industry can be of different types. Competing firms compete in forms of price wars, products differentiation and product development among others. Law entry barriers in the industries means that there exists many competitors in the various sectors that Apples operates in which results to intensified competition as the companies aim to increase their market share.

Apple's Financial Analysis

Apple's current financial position

A closer look at the financial figures of Apple given by Yahoo (2012) for the company's financial year ending September 2011 indicates that the company is in a very good financial position since the company had gross profit of \$ 43,818,000 and a net income of \$ 25,922,000.

Apple's financial results compared to past performance

A closer look at Apple's financial figures for the last few years shows that the company's financial performance has improved continuously since the year 2008. In the year 2008 the company had net sales of \$ 37,491 millions where as the year 2009 saw the company's net sales increase to \$ 42, 925 million and \$ 65,225 million in the year 2010. However, it is important to note that even though the company's liabilities have also been increasing throughout the years something that could in the long run prove to be a bad thing. In the year 2009, Apple's liabilities were \$ 15,861 million and increased in the year 2010 to \$ 27,392 million. The increase in the liabilities can be attributed to Apple's increase of its flagship stores.

The table below shows Apple's financial figures for the last four years as obtained from Apple (2012).

Year	2011	2010	2009	2008
Revenues in Millions	\$ 108,249	\$ 65,225	\$ 42,905	\$ 32,479
Net Income in Millions	\$ 25,922	\$ 14,013	\$ 8,235	\$ 4,834
Retained Earnings in Millions	\$ 62,841	\$ 37,169	\$ 23,353	\$ 15,129
Profit Margin percentage	25	24	21	19

Figure 4: Apple Financial figures

Apple financial ratio analysis in comparison to Industry figures

	Return on Total Assets (ROA)	Return on Equity (ROE)	Quick Ratio	Current Ratio	Price/Earning Ratio (PE)
Apple	27.14	41.79	1.35	1.61	22.4
Industry Figures	22.3	29.5	1.24	1.58	16.07

Figure 5: Apple Financial Ratio

From the figures contained in the table above, it is evident that Apple's financial performance is improving over the years. The ROA ratio (Return on Assets) usually indicates after tax profit per dollar of each asset. Figures obtained from Apple (2012) indicated that the company's return on equity has consistently increased over the last four years implying that the income is consistent in comparison to the equity held by the stakeholders. As far as return on total assets is concerned, figures from Apple (2012) indicate that the company is in a strong position as the figures have consistently increased over the years with the ratio for 2009 been 12.24 where as the figures for 2010 were 21.74. The company's current ratio is as can be seen

from the table is 1.61 which is actually above the industry ratio which is at 1.58. In terms of the quick ratio, Apple's ratio is at 1.35 which implies that the company does not have to necessarily sell its inventory in order to meet its obligations.

Apple's two main competitors are HP (Hewlett Packard) and IBM (International Business Machine). When quick ratio is used to compare the two companies, Apple emerges the winner since the company has an average of 1.6 over the last five years where as HP has 1.01 and IBM have 1.21. On the other hand, when Return on Equity is used to compare the performance of the three competing companies, Apple comes second as IBM has 41.79 and HP 19.31 while Apple has 27.14. As far as return on capital in used, Apple again takes the lead over the two companies since it has 27.14 while IBM has 13.62 and HP 5.46. Thus while comparing Apple's performance with its main competitors, Apple can be argued to be doing quite well in many fronts.

Apple's SWOT Analysis

SWOT analysis is a strategic planning technique applied to examine the strengths, weakness, opportunities and threats within an organization. Once a SWOT analysis has been conducted, an organization is then able to develop four different type of strategies that includes SO which stands for Strengths – Opportunities strategy, WO which stands for Weakness – Opportunity strategy, ST which stands for Strengths - Threats strategy and WRT which stands for Weakness – Threats strategy. In most organization, SWOT strategies are the most implemented strategies since they are usually a combination of external factor evaluation (EFE) and internal factor evaluation (IFE) thereby helping a company exploit the opportunities to the maximum while at the same time avoiding any threats.

Strengths

Apple's strengths includes a strong brand image that gives the company a competitive advantage over its competitors, talented and innovative research and development team that is behind Apple's revolutionary products and strong financial performance that gives investors confidence to invest in the company implying that the company cannot lack capital for any new venture that the organization wishes to pursue.

Weakness

The company has recently been involved in numerous case battles involving intellectual rights that might affect the company's performance. In addition, Apple has recalled some products due to risks they pose to the customers something that has created a negative image of the company.

Opportunities

There is huge potential in the smartphone and tablets market that can increase the company's revenues over the years. Moreover, there is a highly potential mobile advertising market that can be exploited.

Threats

The increasing popularity of Google's android platform will definitely affect Apple's sales revenues in terms of volumes of smartphones and tablets sold. In addition the sales volume might be affected by the increased competition from other competitors as well while the dependence on only few suppliers might pose as a challenge to the company in the near future.

SWOT Strategies

<p>SO Strategies</p> <ul style="list-style-type: none"> ✚ Make use of the strong brand name ✚ Keep the Apple software only compatible with Apple products ✚ Establish presence in new markets ✚ Increase the number of Apple retail stores 	<p>ST Strategies</p> <ul style="list-style-type: none"> ✚ Aim at increasing Apple brand awareness which will eventually result to increased sales revenues ✚ Continue been innovative and market leader in the tablet and smartphone markets
<p>WO Strategies</p> <ul style="list-style-type: none"> ✚ Encourage innovation throughout the organization ✚ Reduce the prices of the products during promotions or new product launches. ✚ Increase production in Asia 	<p>WT Strategies</p> <ul style="list-style-type: none"> ✚ Make sure that almost any kind of music is available for download on iTunes. ✚ Establish working relationship with Microsoft ✚ Probably try to launch product lines that are not quite expensive like the Apple products.

Figure 6: SWOT Strategies

SPACE matrix

The SPACE matrix which is also known as the strategic position and action evaluation is a four dimension framework that illustrates whether an organization's strategies are forceful, conventional, defensive or competitive. The SPACE matrix normally has two axes where one axis represents the two internal dimensions of an organization – financial and competitive position while the other axis represents two external dimensions – stability and industry position. A look at Apple's performance shows that the company should be placed on the aggressive quadrant since it is financially stable and competing very strongly in the various industries that it serves. Since Apple qualifies to be on the aggressive quadrant, the company thus needs to

concentrate on backward, forward, horizontal integration, market penetration, diversification and market development strategies.

Financial Strength (Rating is 1 – 6 with 1 been the worst and 6 been the best)	Score
Influence	3.0
Working Capital	3.0
Liquidity	4.0
ROI	5.0
Income for the last 3 years	5.0
Total	20
Environmental Stability (Rating is -1 to - 6 with -1 been the best and -6 been the worst)	
Inflation rate	-2.0
High competition	-6.0
Barriers to new entrants	-2.0
Technological Innovations	-5.0
Total	-15
Industry Strength (Rating is 1 – 6 with 1 been the worst and 6 been the best)	
Costs of production	3.0
Ease of entry to the market	2.0
Financial stability	5.0
Profitability potential	4.0
Potential of growth and expansion	4.0
Total	18.0
Competitive Advantage (Rating is -1 to - 6 with -1 been the best and -6 been the worst)	
Market share	-5.0
Quality of products	-1.0
Customer loyalty	-1.0
Innovativeness	-1.0
Supplier power	-2.0
Total	-10.0

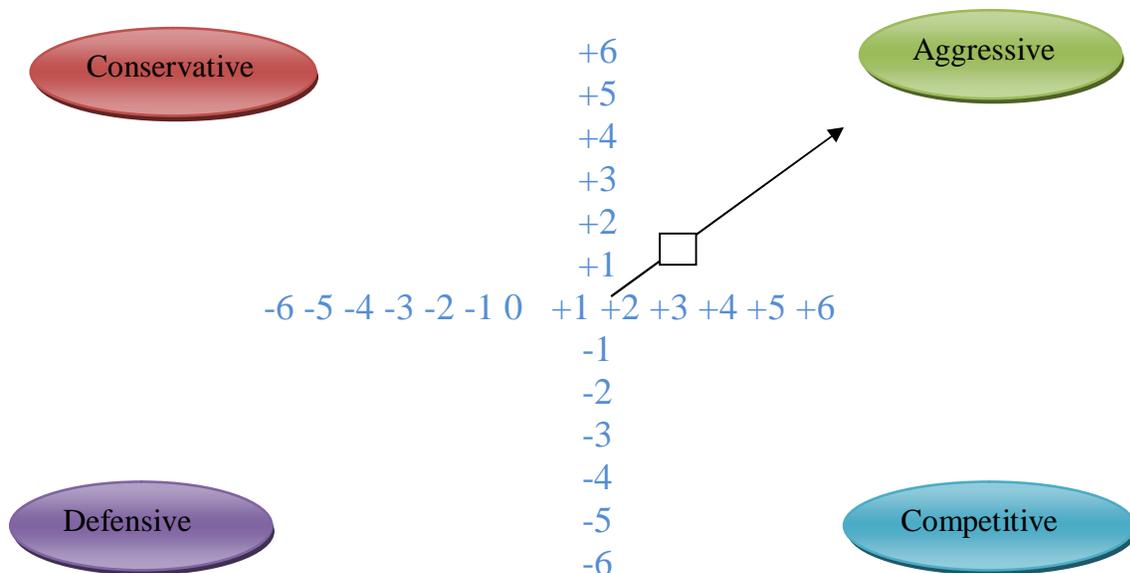


Figure 7: SPACE analysis and SPACE matrix

QSPM Matrix

The QSPM matrix (Quantitative Strategic Planning Matrix) consists of three stages that are used in the strategies formulation process. The components of quantitative strategic planning matrix are weaknesses, opportunities, threats, strengths, strategic choices, total weight, attractiveness score and overall attractiveness score. The quantitative strategic planning matrix is useful since it allows strategists examine various strategies according to the established external and internal critical success factors.

		Market Penetration			Product Development
Opportunities	Weight	Aggregate Score (AS)	Total Aggregate Score (TAS)	Aggregate Score (AS)	Total Aggregate Score (TAS)
Increased virus attacks on Microsoft systems	0.05	4	0.2	3	0.15
Brand Awareness	0.05	3	0.2	3	0.15
Partnership with Windows	0.06	3	0.2	2	0.12
Increase in music downloading volumes	0.15	4	0.6	3	0.45
Sales via the internet	0.1	3	0.3	2	0.2
Increase in number of people using the internet	0.1	3	0.3	2	0.2
Threats					
Slow economic growth	0.04	1	0	3	0.12
Increased competition	0.1	3	0.3	4	0.4
Illegal file sharing websites	0.03	1	0	3	0.09
Threat of Apple's product obsolescence	0.05	1	0.1	4	0.2
Threat of alternative products	0.07	1	0.1	4	0.28
Low prices of similar products by competitors	0.1	1	0.1	3	0.3
Threats + Opportunities			2.4		2.87
Strengths					
Apple's products are user friendly	0.1	3	0.3	3	0.3
Apple's products are innovative	0.07	3	0.2	3	0.21
Customers loyalty	0.08-	2	0.2	3	0.24
Tim Cook replacing Steve Jobs	0.04-	3	0.1	3	0.12
iTunes reliable revenue stream	0.1	4	0.4	3	0.3
Diversification in products	0.05	3	0.2	4	0.2
Weakness					
Weak organization structure	0.05	1	0.1	3	0.15
Low sales volume via the website	0.15	2	0.3	3	0.45
Poor B-2-B strategies	0.08	3	0.2	1	0.08
Low PC market share	0.12	3	0.3	2	0.3
Dependence of iPhone and iPad	0.07	1	0.1	4	0.28
Strengths + Weakness			4.9		5.68

Figure 8: Apple QSMP Matrix

Internal External Matrix

The Internal External matrix categorizes Apple in different divisions in a nine cell display. The Internal External matrix is dependent on two key aspects that are the total weighted scores of the IFE on the x axis and the total weighted score of EFE on the Y axis. When Apple's IFE score of 3.1 and the EFE score of 3.5 are put together they indicate that Apple should grow and build. The grow and build strategy should mainly concentrate on market development and market penetration.

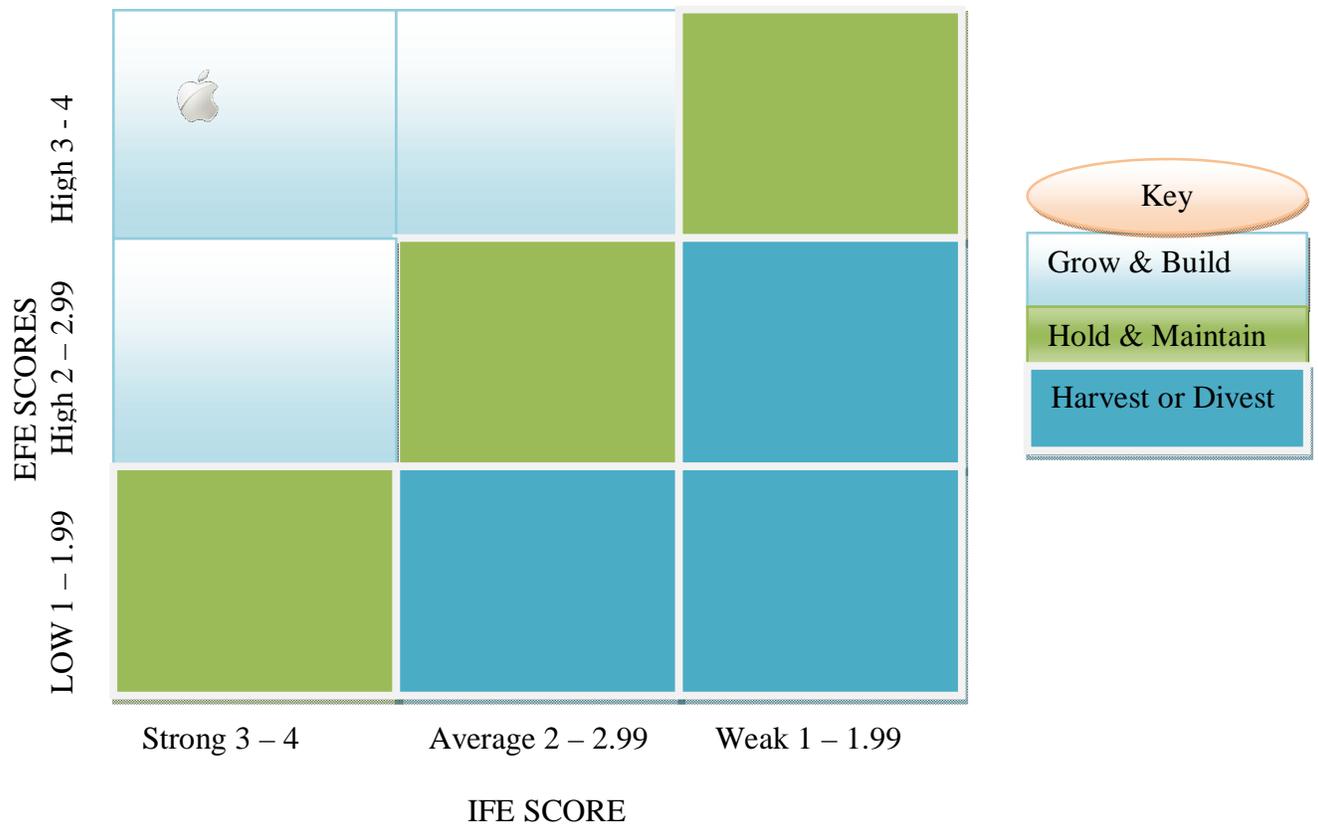


Figure 9: Apple IE matrix

Final Recommendations

In order for Apple to continue performing well, the company has to put much emphasis on development of latest products that are in line with technological development. As established from the QSMP matrix, Apple needs to continue developing high end products as well as increase its presence in other foreign markets. In addition, the company should make use of the strong brand image that it has created and launch new product ranges to the already existing product range.

Strategy Implementation

Prior to implementation of any strategies, there is a need for preliminary research to be conducted in order to make sure that the strategies implemented are feasible. In addition, there exists a need to create objectives that the strategies will aim at achieving. The annual objectives of this particular strategic plan are:

- a) Increase sales of Mac Desktop computers and Mac Notebook by 7% which can be achieved since Apple already has a powerful brand image where as the Mac computers are not attacked by viruses and works unlike is the case with Microsoft computers.
- b) Increase presence in various foreign markets with particular emphasis been to intensify marketing efforts in China as the country has huge potential that is not exploited to the maximum.
- c) Continue producing high end products that are innovative and reliable which will make existing customers upgrade their products while new customers will also be attracted.
- d) Establish more Apple retail stores in foreign markets as this will help customers experience Apple's products before they can buy them.

- e) Develop other technological products that can use the already popular Apple brand name to achieve success in various markets.

Policies and Support programs

At the moment, Apple can be said to have effective programs and policies in place since the company has experienced improved performance year after year for the last few years. However, since Apple, is now expanding into various foreign markets, the company needs to develop new policies and programs for each specific market since policies that work in one country might not work in another country.

As far as supporting programs are concerned, Apple needs to provide training to all employees that will be representing the company in the foreign markets so as to make sure that they portray a positive image for the company. In addition, it is advisable that Apple motivates the employee by giving them attractive salaries as well as making sure that their working environments are conducive.

Contingency Planning

In situations where the expansion to foreign markets proves to be unsuccessful, Apple should then aim at concentrating in the specific markets that it has established presence in at the moment since these markets have already proved to be successful to the company in addition, the new strategies would also be abandoned and adopt the current strategies that have proved successful to the company over the years.

Strategy Evaluation and Control

After the loss of Steve Jobs, Apple was left with a huge void that many said would be difficult to fill. However the current CEO as well as the other employees has proved over the last

few months that they are also capable of taking the company to new heights even with the absence of Steve Jobs. In order to ensure that the company is continuously doing well, the management needs to regularly review various figures against the forecasted figures in order to establish whether the company is on the right track. Apart from forecasted figures, past performance figures can also be used to establish whether the company is on the right direction or not.

Recommended Strategies

After reviewing the Macro environment within which Apple operates in, it is evident that Apple has strengths in its resources and capabilities since Apple has unrivalled design teams, gifted design engineers, numerous existing patents, an efficient and successful value chain and an innovation driven approach.

On the other hand, the industry within which Apple operates in is quickly changing as key players are always introducing new products that incorporate new technology and designs. To be specific, the tablet and smart phone industry has consumers who are price sensitive and experiences high level of imitations in both the designs and function ability of the tablets and the smart phones a point that can be confirmed by the common counter accusation against Samsung by Apple and accusations against Apple by Samsung. Key players in the sector are based from different parts of the world meaning that it would be hard to really monitor every move of the players. Since all the players do not have enough market share to control the industry, the industry experiences intense competition characterized by competitive pricing.

Apple's main aim is to dominate the various industries that it serves in while at the same time making good profit for the shareholders and contributing to the betterment of the society at

large. Due to the nature of the industry, Apple thus needs to adopt effective strategies that will ensure long term sustainability of the company.

Among others, some of the strategies that Apple can adopt includes, increasing the number of retail outlets especially in developing countries, develop a mechanism that would allow for the devices (iphone and iPad) to be charged by other means apart from plugging in to an electricity socket since the main problem of the devices especially the iPhone have received complaints about the short battery life, license the use of Siri and Mac Software to different manufacturers, offer customers the opportunity to customize and personalize the products they want to buy from Apple just like what HP and Dell offers to their customers , Apple should also sell its products at discount rates in situations where they are bought in bulk by education institutions and as far as social corporate responsibility is concerned, Apple should be more engaged with the communities in regions where the company has operations since such approached will go a long way in enhancing Apple brand. From the suggested strategies the following are the definitive strategies that Apple should implement:-

Develop an alternative charging mechanism

A closer review at various online forums indicates that the major problem with the smart phones and the tablets is that they have to almost be constantly plugged in the charge at all times since they always tend to keep charge long enough. Infact, this is the case with all the smart phones regardless of the manufacturer. Since Apple has an established Research & Development center that is made up of talented engineers and designers, the department should be charged with the responsibility of developing a mechanism that would charge the devices whenever a certain key is used just like it was the case with the auto winding watches that winded every time the wearer of the watch moved his hand. If Apple was to be successful in developing such a

mechanism, it would help strengthen Apple's position as the market leader. In addition, the mechanism should be patent meaning that Apple would charge a certain fee to any competitor who wants to use the mechanism in their products.

Customizable products

Customers always purchase products that they believe matches their needs and wants. The best way to match a customer's need is to let the customer develop his own product according to the needs. Apple through the online store could offer such services where customers decide the amount of Hard Disk they require for the tablet, the color of the casing and specific software to be installed on the tablet. Hewlett Packard and Dell have adopted the same strategy for personal computers and the concept has proved to be successful

Establishment of Apple Outlets in other countries

As earlier established, Apple has over 357 retail outlets in more than 10 countries. However, majority of these stores are located in developed countries with the biggest percentage of the stores been in the US. Apple needs to follow its competitors and establish more retail outlets in middle income countries as well as developing countries. Samsung which is fiercely competing with Apple in both the smart phones and tablets market has already established numerous retail outlets in developed and developing countries a strategy that has helped the company become the biggest handset seller in the world after dislodging Nokia in April 2012 as noted by Tolentino (2012). In addition, the strategy as discussed by Tolentino (2012) has played a big role in helping Samsung widen its gap as the biggest seller of Smart phones as sales of Galaxy note and Galaxy S2 smart phones outstripped the iphone by nearly 10 million units.

Intensify corporate social responsibility

Corporate social responsibility as already established are approaches adopted by a company in order to meet stakeholders' needs and minimize the organization's impact to the environment while at the same time contributing to the enhancement of a strong brand and positive image of the company. Even though Apple already existing corporate social responsibility schemes in place, there exists the need for the company to be more involved in corporate social responsibility. Some of the initiatives that Apple might be involved in would be establishment of technological schools in developing countries, donation of unsold stocks to learning institutions in developed countries and development of cheaper models of Apple Mac computers for schools in developed countries. In addition, the company could establish a school in China where children who are rescued from child labor can attend.

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Appendix A: Apple Porters Five Forces Diagram

