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Lesson 4: Hardware and Software

1. Which of Porter's four competitive strategies does Apple engage in? Explain.

Apple is undoubtedly one of the largest and most successful technology companies of the moment. This has been achieved due to the large number of followers that Apple has. But how do you get so many people to support the same project, the same idea? Apple has managed to create a legacy that will last for a long time due to its idea of being more than just a brand. Many people often wonder why Apple is still one of the top brands in computing devices if it has a price not affordable for everyone. As you can see, Apple offers high-quality products at a high price. However, Apple offers many advantages to the user such as originality, elegance, versatility, security, innovation, and emotion. This company offers a lot to the user. Undoubtedly, one of the strengths of Apple Inc. is the bargaining power of buyers, which is due to that "extra step" that the company decided to offer from the moment it started. Apple offers much more than mobile devices, iPads, or MacBooks, or iMacs, but also offers its security and privacy due to its Face ID, Touch ID, iCloud, or Apple Pay system. Their computing devices look like elegant, unique, practical, and easy-to-use system. Apple also takes the user experience further with their top-selling products such as iPhone or iMacs, by incorporating new add-ons such as AirPods and Apple Watch. All the products that Apple releases have connectivity between them, it is as if they work as a single unit, and the user does not have the experience of buying something individual. In addition, they also have their own apps such as Apple TV, iMessage, or Apple Music. Apple also offers its own line of add-ons for its devices, from iPhone cases, iPad cases, Apple Watch straps, wireless charges, and many other accessories. More than anything else Apple offers innovation, it is a brand unlike any other, offering an emotional user experience. Because of the brand identity and philosophy, the quality of its devices, and the experience the user gets when using those products, among other things, makes the price to be paid for them go to the background. Therefore, regardless of time and price, Apple will always have followers who support its product unconditionally.

2. What do you think are the three most important factors in Apple's past success? Justify your answer.

Apple Inc. is a company that stands out on a larger scale than many other very competitive companies such as Samsung. Some of the factors why Apple has been able to pull ahead of many companies are its values and brand philosophy, its goals and strategies, and its executive management team.

Apple's values are focused on doing something that contributes in a positive and meaningful way. That is, they are not going to release a product simply because every year they aim to release a new product. Apple will bring a product to market that is excellent and fits its philosophy and standards. "The innovative Success that is Apple, Inc." article, some of the values the Apple is simplicity, having control of the primary technologies that are used to manufacture their devices, making significant contributions, organization and determination in a product, collaboration, and cross-pollination of the groups, and excellence (Johnson et al., 2012). Apple's

simplicity is reflected in the elegance of its product designs, its interface, the colors available for their devices, the font used, and the different default apps such as Notes, Pages, or iMessage. All the new devices and accessories they release are innovative and of great contribution. The incorporation of a multi-touch screen with the first iPhone in 2007, the Touch ID in 2013 with the iPhone 5C, the Face ID, and the removal of the home button iPhone X in 2017. The devices also come in different sizes and colors to please users' tastes. Apple Inc.'s goals and strategies are defined, in part, by its company philosophy and values. Apple stands out from other companies for thinking ahead, for being light years ahead of its rivals. Apple is committed to creating products that meet expectations and offer the user the promised, unparalleled user experience; that the user feels an emotional connection that makes the user only want to continue with Apple's product lines. Another strategy is to create unique and simple hardware and software, despite its internal complexity. After all, no one wants to use a device that takes a lot of effort to understand and use. That is why the elegance and simplicity of the interface and operation of Apple products make them a great marketing strategy.

To achieve all these goals, it is necessary to have behind a good executive management team that can make all these goals, and to think and carry out all these strategies. Despite the early death of its co-founder and CEO, Steve Jobs, Apple has been able to carry out its philosophy and vision and has been able to make Apple the great company it is today. Whether it is the people who work as president, director, or executive, or the people who work in assembly, or store employees, they all represent Apple Inc. and directly or indirectly influence the company.

3. Steve Jobs passed away in October 2011. Until his death, he had been the heart and soul of Apple's innovation. Today, 80,000 Apple employees continue onward in his absence. A huge question for many investors is whether the company can be successful without him. What is your opinion? What role did he play? How can Apple respond to his loss? Would you be willing to invest in Apple without his leadership? Why or why not?

There is no doubt that Apple is the company it is today because of the values and philosophy that Steve Jobs set when he founded Apple in 1976. Steve Jobs knew how to create a company different from others because he based its values on his own values, also because he knew how to get the best team, the best employees, and the best suppliers to make sure that Apple Inc. was a company that stood out from the rest, that was different. The death of the co-founder and former CEO of Apple in 2011 was a big problem for the company, which was left without that representative figure, without the person who gave identity and meaning to this brand that is more than just a brand. However, not everything is ruined when a piece is missing. Apple knew how to counteract the loss of one of the most important people for the company, making sure that Steve Jobs' values and philosophy continued to permeate every product they created. Tim Cook, CEO of Apple Inc. since 2011 has been the one who has made Apple be in the position it is today, having a value that is close to a trillion dollars as of 2017 (Umoh, 2017). He has led the company after the loss of Steve Jobs and has made Apple continue with that philosophy and values that Jobs set up. If I had enough knowledge and money, I will be willing to invest in Apple. This company is always one step ahead of the others, it is in continuous innovation, always trying to improve itself, and trying to be better than the others. Apple is also looking after the environment, one of their innovations is the trade-in and recycling options.

4. Microsoft took an early lead in the development of tablet devices (like the iPad), and it had the world's leading operating system and applications for more than 20 years. Provide five reasons why Microsoft was not able to achieve the same success that Apple has. Most industry analysts would agree that the skills and abilities of Microsoft's 128,000 employees are as good, on average, as Apple's.

As stated above, Apple is a company that is in a continuous state of innovation. Apple's go one step further mentality has made it almost impossible for the company to disappear or go bankrupt. Apple almost doesn't have to worry about investing and innovating before it's too late, as they are always innovating, and while a company is thinking about what they are going to release a year from now, Apple is already thinking about what they are going to release two years from now. The fact that Apple has been more successful than Microsoft is due to the company's philosophy, values, strategies, and innovations. The device's design is one of the reasons why Apple has been ahead of Microsoft. Human beings are guided foremost by the physical, by the appearance of things. Apple has captured the beauty in its devices by using a simple and elegant design, which also comes in different colors and sizes. From the design of the packaging, the device itself, and the interface Apple has its users in its pocket. Another of the most important reasons is the ease of use of their devices. If a user is used to the software of another product, the transition to Apple may be a bit difficult at first. However, once you get used to it, you realize that there is nothing easier than using an Apple product. No one wants to make use of something that is too difficult to operate and understand, or that runs slowly. Apple products on the other hand are easy and fast to operate. As stated before, Apple is more than a brand and does not only focus on its flagship products such as the iPhone or computers, MacBooks, and iMacs but also offers different gadgets to please your main devices, such as the Apple Watch or the AirPods. These products offer a more exclusive user experience that provokes different emotions. Exclusivity is another strong point of the "designed in California" company. Apple's website offers a lot of its own branded accessories to give a more personalized look to your iPhone, iPad, or Apple Watch, including cases for iPhone and iPad, and straps for the Apple Watch in different colors and materials. Other devices such as AirPods can be customized with emojis and lettering for free. Marketing strategy is something that has also made Apple the company it is today. Their ads are simple and inspiring and provoke users into a storm of emotions that can make them feel a connection to the company and its products. People also look to our Idols or role models, who are very often famous people, whether they are footballers, singers, or actors, and all of them usually carry an Apple device. Whether it's because of company strategy, or because these celebrities prefer Apple, it's one of the influential points that make people choose Apple over other companies like Microsoft. Many other people, even if they are not very familiar with Apple technologies and all that Apple offers, decide to purchase a device because of its name. This shows how big and influential Apple is.

5. Considering your answers to the four preceding questions, if you had a spare \$5,000 in your investment portfolio and wanted to buy an equity stock with it, would you buy Apple (AAPL)? Why or why not?

Yes, I would probably invest in Apple. As I mentioned earlier, Apple will always have unconditional supporters. Apple's philosophy and values give the assurance that this company will remain one of the top companies no matter how much time passes. Sometimes you think that you

can't get a better product than the previous model, but Apple surprises us every year. This comes from the company's sense of innovation and thinking-ahead. I also believe that investing in a technology company is a wise move since nowadays everything is done through computing devices, and even more so now with the pandemic outcome. Apple never ceases to amaze and hit the technology market which also makes it a safe company to buy an equity stock, having a high probability that you will not lose much money if you decide to invest in it.

References

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