

## **Introduction**

Strategic planning is an important tool for every organization. It can provide an optimized sense of corporate direction where goals can be measured and tested against. Apple, Inc. company was established in 1976. It has become one of the most successful technology businesses in the world. It is a well-known leader in technical innovation and is recognized for its elegant products (Skemp, 2019). From its early beginning, it has become infamous for manufacturing its hardware plus its computing software for its devices.

## **Apple's Mission Statement**

The mission statement of Apple has changed multiple times over the years (Rowland, 2019). The latest says, “to bring the best user experience to its customers through innovative hardware, software, and services.” Apple’s mission statement is intended to focus on its three important principles that can help sustain competitive advantage (Mission Statements, 2019a). The first being, “to bring the best user experience to its customers.” This implies the continuing desire to improve the user experience of its customers (Farfan, 2019). The company sees it as its duty to provide the utmost pain-free experience for its users. Apple does this through the collaborated connection within the education sector, business, and even health care making sure that its products are well received and utilized in them. The second is “innovative hardware.” This reflects one of Apple’s primary design philosophies as a result of attention to details and that is to provide the most efficient device that produces beautiful smartphones, function effective tablets, and fast and powerful computers (Farfan, 2019). The third is “innovative software and services.” They not only produce the most aesthetically designed devices but also has

the best functionalities in them. Through user research, they can meet and perform proactive designing that not only meets the current user requirements but also futuristic requirements (Farfan, 2019).

### **Apple's Vision Statement**

When Tim Cook took over right after Jobs in 2009, he crafted this vision statement (Farfan, 2019). “We believe that we are on the face of the earth to make great products and that’s not changing. We are constantly focusing on innovating. We believe in the simple, not the complex. We believe that we need to own and control the primary technologies behind the products that we make and participate only in markets where we can make a significant contribution. We believe in saying no to thousands of projects so that we can focus on the few that are truly important and meaningful to us. We believe in deep collaboration and cross-pollination of our groups, which allow us to innovate in a way that others cannot. And frankly, we don’t settle for anything less than excellence in every group in the company, and we have the self-honesty to admit when we’re wrong and the courage to change. And I think regardless of who is in what job those values are so embedded in this company that Apple will do extremely well.” Cook is simply reiterating what their real mission statement is. He intends to not take any short cuts when it comes to producing quality products through the propriety resources they possess. To continue to be the industry leader, they have to stick to what works in Apple and will need to improve them to meet future requirements (SEC.gov, 2018). This is the philosophy that makes them the leader of the Apple software they develop and distribute. However, question is, how long will they continue to maintain this as the PC makers (in the computer business)

and the Android OS (in smartphones/tablets) have since started to overtake them? This will be an interesting technological race in the near future.

### **Apple's Strategic Goals**

There are three main elements that line Apple's strategy. The first and foremost is the continued emphasis on redesigning the user-friendliness of its products. Having led the innovations on portable devices for example the iPad which at the beginning allowed users to only be able to listen but shuffle thousands of songs in the small device; but now not only can users listen to songs but view videos, communicate, and even create beautiful documents and graphics similar to what personal computers can do. Designing and improving devices is the core of their innovation that they have to continue improving through user research. The second element is strengthening the ecosystem. Because of the solid integration of the hardware and software functionality within its devices, it sets itself apart from the competition. Its proprietary software seamlessly works within its multiple devices and forces other companies' products to find means and to ways to access and leverage them. This also influences the main Apple developers to continue to design and upgrade their software applications to support proprietary Apple functionalities. The third element is reducing dependency on iPhone sales alone. Competition on mobile devices has increased exponentially that Apple has been left behind in terms of functionality and innovations by other manufacturers such as Samsung, Huawei, Google phones, and Xiaomi to name the top competitors (Gibbs, 2019). Too much reliance on iPhone sales negates focus on other business services: Macs, iPads, iWatch, Apple Music subscriptions, and AI should have added focus as these are other sources of revenues that can shift the balance of revenue lost through iPhone sales.

## Apple's SWOT Analysis

The Strengths, Weaknesses, Opportunities, and Threat Analysis is a powerful tool that a company must constantly conduct to ascertain viable progress is made. The strengths and weaknesses are integral to the company that management can sometimes control and act upon. While opportunities and threats are more external to the company (Harmon, 2019). Opportunities are variables that the company can take advantage of. However, threats waged by competition will encroach and the best way to counter them is to protect itself (Parsons, 2018).

The following identifies Apple's Strengths that make them withstand competition and threats to their market (Apple Inc, 2019).

1. It is a market brand leader. Apple is the brand of choice in many technological companies especially those that deal with designing both in computer and software.
2. It is a technology trailblazer. It is the first company to introduce many devices that changed the world: MAC, iPhone, tablets, etc. It is still trying to do its best to maintain its top technology lead over the competition.
3. Strong profitability. Its gross margin per year is still one of the best in the industry. This could be attributed to Apple's optimal pricing strategy and consistent operating effectiveness.
4. Efficient distribution center. It has its stores across many countries selling its only brand. It also relies on its great inventory system. Apple keeps all products in a huge warehouse where it ships them from there but has them return to the nearest store.

5. Strong research center. It continues to make user research that focuses on exquisite design that caters to its millions of loyal consumers. It recently invested heavily with spending increased from \$1 billion in 2009 to \$13 billion in 2019.

With its numerous strengths, Apple too has flaws. The following are Apple's Weaknesses that need to be addressed to remain highly competitive (Smithson, 2019).

1. Overpriced products – high price compared to the competition. Its competition has taken advantage of the high price it tags its products. Counterfeits and cheap smartphone imitations have flooded the market often have more features than an iPhone and better quality in capturing video and recording.
2. iPhones sales decline – smartphone market penetration by competition. Because of high prices, Apple devices have been undercut by the competition by their lowering its prices taking away a huge portion of its market.
3. Software incompatibility – continued user frustrations on exclusive software by Apple are making many technology users slowly turn away. Likewise, other competing software has raised its quality that Apple products are slowly being left behind further fueling consumers to buy the competition's products.
4. Lack of innovation – feature release is later than the competition. Apple is getting further and further behind the Android software. They play catch up and consumers are quick to notice that.
5. Few product dependencies – compared with the competition, Apple has only 7-8 products. The diversity of products is needed for Apple to sustain its advantage. They need to focus more on research to further avail of the growing portable device market.

Here are the Opportunities for Apple to further its success:

1. Focus on the marketing segment. Apple is still in a growing smart device market. Consumers are still expecting Apple to lead the way in every mobile and handheld device being placed in the market.
2. Invest in portable wearable technology. This is projected to be more in demand soon and Apple must put more research on taking advantage of the demands.
3. Increase product and software compatibility. Apple must open its doors to make its devices more compatible with other operating systems; although this may remove the advantage of its vertical ecosystem. But since this is a huge market, they need to investigate this fully.
4. Diversify products. For Apple to minimize losses if one product cannot meet profitability, they need to diversify their products.

The following are the Threats that Apple will need to create contingency plans for.

1. Increasing competition. In the U.S., Samsung, Google, and Dell are the competition. Outside of the U.S., cheap smartphone imitations proliferate the other countries.
2. Market penetration. Using Android software technology, the mobile phone market has been slowly proliferated that three-fourths of the market is now taken over by mobile phones using it.
3. The increasing cost of production. Because of economic trade wars with China, the cost of production has been affected. Apple also sells a lot of iPhones in China which makes it susceptible to Chinese consumer reactions.
4. Quality problems. Low battery life, bad signals, bad video capture are but some of the complaints that users have on apple.

## Apple's PEST Analysis

The following external factors affect the business function of Apple that management needs to recognize in their given market. Knowing these will assist them to make better business decisions that will ensure retaining their competitive stance in the market (Walsh, 2019).

The following are Apple's major Political issues:

1. China-US trade war. The escalation is taking a toll on production as much of the Apple products are made in China.
2. Ireland and Apple back taxes dispute. Apple paid Ireland 15 billion euros due to back taxes. This is due to a 2016 ruling by the European Commission finding that Ireland has made preferential tax exclusions to Apple which has its European headquarters in the country.
3. Clash with the Federal Bureau of Investigations. Apple has an ongoing feud with the FBI on the hacking issue whether to allow the government to hack iPhones used by terrorists.
4. Political promotion and lobbying. Apple is steadily increasing its expenditures towards making a few legislatures favorable to Apple's long-term advantage.
5. Free trade promotion. Apple must consider free trade to improve opportunities in distributing products to other countries.

Here are Apple's Economic issues.

1. Stability of developed countries. Stable governments offer better economic benefits for Apple thus the preferred nations to contract with.

2. Increased cost in partner manufacturing countries can affect Apple's profitability.

Apple is constantly looking for other countries not only to reduce production but also to increase revenues

3. Fluctuating the currency exchange rate especially if it is strong will hurt countries like China and India.
4. Increasing the inflation rate. The increased rate can produce an incremental decrease in the fair market for Apple.

For Apple's Society issues, here are the main ones:

1. Increasing use of mobile communication. Many people are getting into smartphones a day. This trend will forever continue.
2. Growing dependence on digital technology. As technology gets advances, digital means of living will be a must. Apple is in the middle of it and will continue to be so.
3. Consumer malaise against apple. The eventual inability to be able to reason with consumers why prices are getting higher will bite Apple's image and turn off loyal customers.
4. Social and economic unrest in production countries. Depending on the current political environment of China, if it worsens, costs will be affected and expected to go up.

The following technology factors affect Apple:

1. Impact of cloud computing. A new market, a new opportunity. As part of its product diversity, Apple should focus on the future of this.
2. One device integration. Users continue to ask for more features in one device. Apple should oblige through careful research and user testing.



3. Smartphone market. Increasing global demand for mobile phones will continue to exist. The market is ever-growing and the opportunity to continue to sustain competitive advantage is ever-present but will continue to get harder for Apple.
4. Technology gain of competition. Apple is never alone anymore. The competition has raised their bar and currently, it appears to many consumers that Apple is playing catch up. Android has taken advantage of Apple iOS indecisiveness and because it is open-sourced have solicited many more developers than iOS developers to help it improve its many more increasing features than iOS.

### **Assessing Apple's Competitive Advantages**

Very similar to the strength listed under SWOT, the advantage that Apple possesses over the competitors is the Apple brand strength. In 2017, Apple led the market over Google, Coca Cola, and IBM. Because of its brand name, it retains its visibility through its loyal consumers (Linton, 2018). These consumers know that an iPhone is a great product so they will not hesitate to buy another Apple product like the iWatch trusting that they will further experience a very similar high rated user experience.

Another competitive advantage that Apple has over its competitors is that it is well known for its innovative products. They were the first to develop and coin the graphical user interface, the first to release the iPod player at the same time introducing a very high sense of experience for the user and a very high level of performance from the devices. They know how to take advantage of the vertical ecosystem where their device only recognizes its proprietary software and nothing else. Also because of this that Apple's consistent device experience across all portable devices makes its loyal consumers grab a hold of their devices even though some other competitors are fast overtaking the mobile

device field with many more fancy features. As mentioned previously also is that Apple's strong integrated supply chain gives it a very substantial competitive advantage. Apple has direct dealings with the music and movie industry and maintains a community of more than 6 million Apple developers which gives Apple a very direct control of its development (Linton, 2018).

Lastly, Apple has a good premium pricing strategy emplaced. It minimizes giving discounts to wholesalers. That way Apple maintains consistent pricing of its products across the industry. According to their research and implementation, the new versions of the devices being released contain many unique features that equally boost the perception of the improvement justifying the high price. These prices are seen by competitors as benchmarks that they need to offer the same or better features to justify their prices without losing revenue.

### **Strategic Planning to Sustain Apple's Competitive Advantage**

There is a long list of needed innovations that can help Apple be better in the future. But they will need to be integrated into a strategic plan for better implementation. For innovation to be successful, it must be supported by people at the top. As the business grows more often than not, leadership hierarchies become an obstacle that bureaucracies creep in and affronts as barriers. The leadership must understand this is its responsibility to make sure that the innovations environment is not corrupted by red tapes and too many bureaucracies that development is hindered. They need to make sure that an innovative culture must be emplaced to favor positive innovation thoughts and actions (Adler & Karlsberg, 2019).

The global marketplace requires a not so different innovation strategic approach. Apple must consider though that the best products in the world go through a predictable cycle of growth as it matures. The law of diminishing return catches up with all products if no significant upgrade is done (Power, 2019). Apple must continue to stay ahead of this curve by scheduling a window to innovate. Next is to make sure that customer concerns are addressed. Correct psychology must be performed that every customer problem is heard, collated, and researched. In doing so Apple will be able to focus on the user demands and requirements rather than just thinking what the customer wants. Another way to be able to ensure innovation success is to think like a designer. Management usually does not have the correct knowledge background to provide design guidelines that innovation requires (Power, 2019). Only designers are technically proficient in doing so as it requires a different set of tools. Leadership must learn how to utilize the product designers correctly to be efficient in innovating.

### **Recommended Solutions for Apple's Sustained Innovation**

There are a few strategic innovations that can make Apple's business sustainable. Here are the top three that will make Apple more competitive in the long run (Futurism.com, 2017). The first is Augmented Reality. Unlike other technology companies that have HoloLens headsets, Android's Project Tango, and headgear like Google Glass, Apple can make use of its iPhone technology to build AR applications that will run in it. Apple has a huge iPhone base and as each user updates to the latest IOS, 13.0, AR developers can make use of it to allow users to build virtual Lego models, catch Picachu in 3D of the Pokémon Go game, and eventually develop its virtual glasses that can only work in devices that use IOS. Doing so will allow loyal AR developers who are

mostly digital artists, moviemakers, and other design professionals to be able to use virtual development tools and thus will not let them leave an Apple machine for a PC that can do so.

The second innovation is HomePod and Ambient Computing (Futurism.com, 2017). This product can become Amazon's Echo competition. It currently possesses music capabilities using a new home theater system with having Siri at its beckon. It can become Siri's extension for any user even without looking at a Mac or an iPhone by simply talking to it. Eventually, it can provide similar functionality like the Echo which will allow users to control appliances, and start lights and close doors when asked. If that happens, Apple can ride on Amazon's success and keep pace with its Echo app.

The third which has started to have been affected already is the new IOS software in iPads. Because of it, iPads can now become PC's replacement if proper apps are developed for it. Introducing a new cloud file system, putting on an interface like that of a Mac where users can navigate and use Mac-like apps to mimic PCs, and allowing portable keyboards to be attached can make the iPad powerful and portable enough that people would use it for computing. By being so, it will compete and keep up with the surface tablets that windows have and may eventually lure its loyal Apple customers towards it.

These changes are a must for Apple. The consumer public has noticed how it has in recent years have played catch up or just keep in pace with the competition. It reflects in their revenue. It is past the time to continue to do so. They have to put money to where the most need exists and that is innovation. Globally, about 75% of new products that are brought to the market each year fail. To help ensure success, the Apple ecosystem

must be designed (or redesigned) that will meet the company's unique needs and product development life cycle process (Harper, 2019).

As part of Apple's main strategy, it uses broad differentiation. Apple is above and beyond when it comes to this. Its elegant and user-friendly products are well known and much appreciated and always attempted to be copied by competitors. Its products allow seamless connectivity among its products and applications. It is because of this broad differentiation that buyers continue to loyally follow its products (Meyer, 2019). The innovations listed if properly done will be more likely received by these same consumers. Although this strategy makes Apple unique to other companies, its records show that the company has solidly reached all sectors of the market.

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