



Apple Inc. Case Study
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MGMT 340

Introduction

Apple Inc. in 1997 vs. Apple Inc. in 2013 were in two completely different scenarios. In 1997 Apple Computer was in deep trouble. The company's worldwide market share, which was between 7% and 9% had now dropped to 4% and sales were decreasing. Apple was on track to lose \$378 million on revenues of \$7 billion on top of a \$740 million loss in 1996. But after the cofounder of the company, Steve Jobs returned, after leaving the company in 1985, as CEO things began to change. By early 2013 Apple was the world's most valuable company with a market capitalization of over \$450 billion. The stock price, which had traded as low as \$6 a share in 2003, had run as high as \$705 a share in 2012.

In the case analysis I will first analyze the history and growth of Apple and its role in the computer industry. Second I will identify the company's strengths, weaknesses, opportunities, and threats through conducting a SWOT analysis. Then I will conclude by providing recommendations on what Apple can do in order to maintain its competitive advantages over its competitors.

History of Apple Inc.

Steve Jobs and Steve Wozniak founded Apple in 1976. The business started with selling primitive personal computers that Wozniak had designed. Jobs suggested they call the company Apple and their first machine the Apple I. Jobs saw a vision and ran with it. They sold 200 computers however Apple I had several limitations such as no case, keyboard, or power supply. Soon they moved on to develop the Apple II. Mike Markkula, a retired millionaire, soon joined Apple as an investor. Markkula convinced Jobs and Wozniak that neither of them knew how to run a business and that they should invite Michael Scott as President. They now had a strong team and in 1977 they introduced Apple II. The first version was an integrated computer with a Motorola microprocessor and including a keyboard, power supply, monitor, and the basic programming software. Jobs wanted to create something that was easy to use and well designed. The Apple II had an attractive case and had no visible screws or bolts. This differentiated them from other personal computers, which looked like they had been assembled by hobbyists at home. Apple attracted many customers by its ease to use, computer to market, industrial design, and technical elegance. The Apple II was a huge success however there were many conflicts among the top executives, which soon caused Apple to lose profits. This led Jobs to leave the company in 1985.

Sculley took over the managerial role of Apple and led the company to enter the desktop publishing market and soon dominated the market. By licensing PostScript, which enabled the visual display and printing of high quality page layouts loaded with graphics, Apple was able to introduce its LaserWrite printer in 1985. After the golden years of Apple, the sales started to decline in the early 1990s. In 1997 Jobs returned to Apple as the CEO. Jobs saved the company by several strategies, including the transformation from using Motorola microprocessors to Intel Microprocessors as well as developing its own computer programs. The company also opened its first retail store in 2001, which helped

generate more profits for the company. In 2012 Apple had over 390 retail stores worldwide and by early 2013 they were the world's most valuable company with \$450 billion in capital. The launch of the iPod in 2001, the online iTunes store in 2003, the iPhone in 2007, and the iPad in 2010 all contributed to Apple's success. By continually innovating its products Apple was seen as the industry leader in PC, smartphone, and tablet markets.

The Personal Computer Industry

When Apple first entered the computer industry, IBM was the world largest computer company. IBM had a huge and very profitable mainframe computer business, but it failed to develop a personal computer, despite two attempts. Apple introduced the Apple II by the end of 1980 and with its clean and unique design it was a huge success. The launch of the Apple II had made the company the leader in the personal computer industry and had become a standard in American classrooms. In order to catch up to Apple IBM decided to purchase the components required to make the IBM PC from a different manufacturer. These components included a 16 bit microprocessor from Intel and an operating system, MS-DOS, which was licensed from a small Washington State company, Microsoft. Microsoft had been in the industry since inception writing a version of the BASIC software programming language for MITS Atari in 1977, the first PC ever produced. With the development of the IBM PCs IBM quickly took over the market once again. IBM's success also led to its clone manufacturers who made IBM compatible PCs that also utilized an Intel microprocessor and Microsoft's MS-DOS operating system. In 1985 Microsoft had developed their own GUI, Windows, which became more popular with the PC industry. IBM's sales started to decline, while Windows operating system and an Intel microprocessor became the dominant standards found on (0% of all personal computers).

Throughout the 1990s, the PC industry developed rapidly and quickly. In the early 2000s the market leaders of the PC industry were Dell, Hewlett Packard, and IBM/Lenovo. In the PC industry, the four major customer groups were business, education, home, and government. As the PC industry became highly standardized, technology, innovation, and differentiation were key successful factors for the PC businesses. In order to attract new customers and maintain the current customer base, companies had to continuously innovate the operating system while developing and adopting new technologies. Consumers were also looking for faster and lower power consumption PCs. Unlike many PCs that used a Windows system, Apple was protected from pirates. Due to the complexity of its operating system, it was hard to develop piracy for Apple computers. The also outsourced its hardware components from various locations and manufactured its products in low cost locations. By doing this Apple was able to maintain profitability even under its continuous innovation. Another key advantage that Apple had was its own retail store. Most businesses relied upon third party retailers or direct sales in the early 2000s such as Dell's online store. By opening its own retail store Apple was able to add customer service and in-store experience.

Technological Factors

Apple Inc. had invested a lot in its product research and development field, therefore Apple products are at the top of the new innovative products ranking. The technology has been changing rapidly in the world and the market has grown tremendously. Competition in the market as increased as well. With technological change happening so fast companies are concerned with the product life cycle. Apple Inc. has been able to stay ahead of this by introducing new products faster than their competitors. This is why they currently lead the market.

Strategic Analysis

Porter's Five Forces

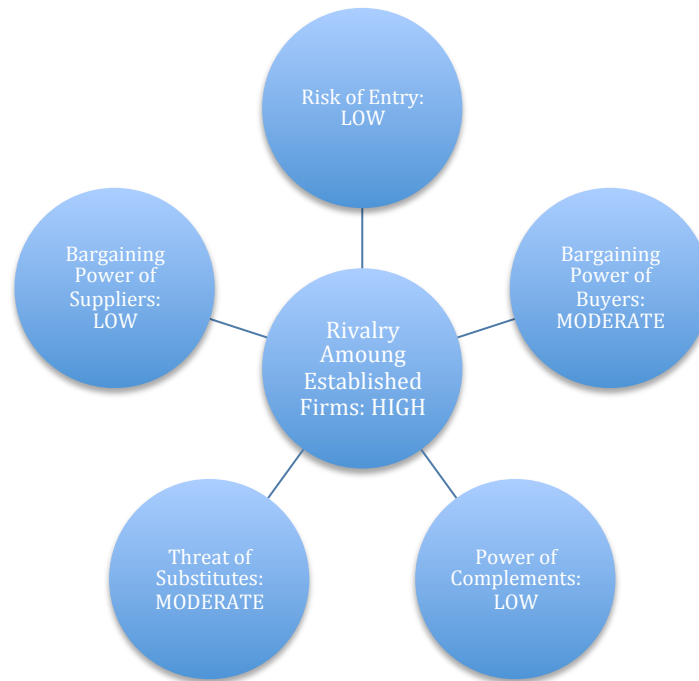


EXHIBIT A.

Risk of Entry- LOW

In 1976, the PC market was in the growing stage and therefore the barrier of entry was low. New entrants did not need a lot of money to enter the market. However in 2013 the PC Industry began to change causing several barriers to entry. The first being the expensive investment cost. The PC industry is constantly changing and innovating new products. In order to stay up-to date new entrants need resources and income. The second barrier of entry is the big players that are already established in the market; Apple being one of them. New entrants would have a difficult time trying to get market share when Apple has already differentiated itself with other companies in the PC industry. These big name companies also have a lower cost structure, which also puts new entrants into a

significant cost disadvantage. Therefore the overall risk of entry is low for the PC industry.

Bargaining Power of Buyers-MODERATE

In 1976 the bargaining power of buyers was low because there were not many choices of PCs for consumers since the industry was still developing. As of 2013 the bargaining power has shifted to moderate in the PC industry. The market is very competitive and saturated with products. Consumers can choose from various brands. Because of the large number of companies that are now operating in the PC industry the bargaining power of buyers has increased over the years.

Bargaining Power of Suppliers- LOW

In 1976 there were very few companies that were offering software. The bargaining power of suppliers was high because of this and the leader of the operating systems, Microsoft, had most of the control. The hardware suppliers were experiencing the same thing. There were limited numbers of companies providing hardware for PCs. But as the industry continued to grow the bargaining power of suppliers began to decrease because the hardware industry became saturated. Hardware suppliers had to compete with price, which played a role in the decrease of their bargaining power.

Threats of Substitutes- MODERATE

Threat of substitutes was low in the PC industry back in 1976 however once the development of the smartphones and tablets arisen in the 2000s they became a threat. Apple had a huge competitive advantage because they entered the smartphone and tablet market much earlier than most of its competitors. Apple launched their iPhone, iPod, and iPad that put them in a very strong position against the threat of substitutes.

Rivalry Among Established Firms-HIGH

In 1976 IBM was the leader in the PC industry and held the majority of the market share. Because of this there was little rivalry. At the time most companies were still trying to develop newer technology and better software. As the PC industry developed to the maturity stage, the rivalry also increased to a high point. In order to reduce rivalry Apple wanted to produce products that were unique and well designed. This allowed the company to be able to differentiate itself from its competitors such as IBM and Samsung. Apple established a loyal customer base, which decreased rivalry for them.

Power of Complements-LOW

The power of complements for the PC industry is low. In order to control the power of complement providers, Apple not only sells PC and non-PC devices but they also sells complementary products such as mouse, cases, and other accessories. Apple's products are only capable with the company's own charger, which also limits the power of complement providers.

SWOT Analysis

Strengths	Weaknesses
<ul style="list-style-type: none"> • Brand reputation • Leading innovator in mobile device technology 	<ul style="list-style-type: none"> • High price • Defects of new products
Opportunities	Threats
<ul style="list-style-type: none"> • Growth of tablet and smartphone markets • Increasing demand for cloud based services 	<ul style="list-style-type: none"> • Rapid change in technology • Android OS growth

Strengths

Brand reputation

Apple has a reputation of highly innovative, well designed, and well functioning products and sound business performance. Apple brand is valued \$76.5 billion and was the second most valuable brand in the world in 2012. Because of their brand reputation Apple has strong customer loyalty, which increase the company's competitive advantage.

Leading innovator in mobile device technology

In 2012 Apple was chosen as the most innovative business in the world for the third time. Company's core competency of producing innovative products is the strength the company builds upon and is able to bring the most innovative products to the market.

Weaknesses

High price

Apple's products cost much more than its competitors devices. Some believe and argue that the price of their products is not justified. When there is such fierce competition, Apple product's price becomes a weakness because consumers can easily get a product with similar quality but lower price.

Defects of new products

This is not a constant weakness for Apple but from time to time it does occur and when it does it has a huge impact on the company. Because of the push to get new products out fast Apple sometimes runs into putting out a product before it is ready. These products have had clear faults and therefore disturbs sales of the products and firm's reputation of superior product performance.

Opportunities

Growth of tablet and smartphone market

The growth of the smartphone and tablet markets was a huge opportunity for Apple. In order to pursue this opportunity Apple needed to stay up-to date with innovation by updating the iPhone and the iPad. Since Apple was a first mover in this area they had advantages over their competitors.

Increasing demand for cloud based services

Apple went even further by introducing the iCloud, which was a cloud storage, computing and synchronization service. By having this feature they allowed customers to store data on remote servers. The demand for cloud-based services was increasing and since Apple was the first company to develop a successful and popular cloud service, the company took advantages of this opportunity.

Threats

Rapid change in technology

One of the most severe threats Apple faces as well as other tech companies is the rapid technological change. Companies are under major pressure to release new products faster and faster. The company that cannot keep up with the competition will soon fail. Apple needs to continue to introduce new products that are innovative and successful but has to do so in a short period of time to stay ahead of their competition.

Android OS growth

Android OS is the main competitor for iOS in mobile device market. The domination of Android decreases iOS power over influencing consumers to join Apple. The growing number of competitors in the tablet and smartphone business was a threat to Apple. In order to reduce the threat of its competitors, Apple tried to innovate its products rapidly as well as to differentiate its products from competitors.

Internal Analysis

Resources and Competencies	Value	Rarity	Imitability	Organization	Competitive Advantage
Brand Name	✓	✓	✓	✓	Sustained
Simplicity	✓	✗	✗	✓	Parity
Software	✓	✗	✓	✓	Temporary
Hardware	✓	✗	✗	✗	Parity

Exhibit B.

1976-1990

From 1976 to 1990, Apple’s competitive advantages were differentiation, consistent innovation and strong brand image. From the very start Steve Jobs knew that he wanted Apple’s products to be differentiated from its competitors. The clean and unique design had been a strength for Apple, which allowed them to create a strong brand image for the company. Another strength for the company was the constant product innovation. Apple I, the first version of Apple’s PC, had several limitations. These limitations included no case, keyboard, or power supply and also required several hours of laborious assembly by hand. In order to make a better product Apple launched the Apple II in 1977. The Apple II was an integrated machine that had a keyboard, power supply, monitor, and the BASIC programming software. After that Apple updated the Apple II in order to include an additional disk drive. The disk drive allowed Apple’s PCs to run programs, such as VisiCals.

After the huge success of the Apple II, innovation started to overcome the company. In order to innovate its products Jobs rushed the Apple III to be finished. Because of this the computer was filled with bugs and crashed constantly. Jobs once again pushed the team to finish projects before the deadline, which resulted in the failure of the development of the Lisa and Macintosh. The conflict among operations was hurting Apple and Jobs decided to leave in 1985.

1990-2013

Sculley took over the managerial role when Jobs left Apple. By the early 1990s, Apple was the only company to sell machines that utilized a GUI, which differentiated itself from its competitors. However there were several weaknesses that were hurting the company including high cost structure. The company was still overestimating demand causing excess inventory, which caused the company to continually lose profit.

In 1998 Steve Jobs returned to Apple and he started to build his competitive advantages as seen in below in exhibit C. Apple's products had a superior quality and features such as the iMac having a think shell that made the product more durable. In 2001 Apple opened its retail store, which provided premium customer service to its customers. This became a huge strength for the company and allowed them to charge products at a premium price. Apple had been the industry leader and attracted a group of loyal customers through its rapid innovation. Apple introduced the iPod in 2001, iPhone in 2007, and the iPad in 2010.

Building Blocks of Competitive Advantages

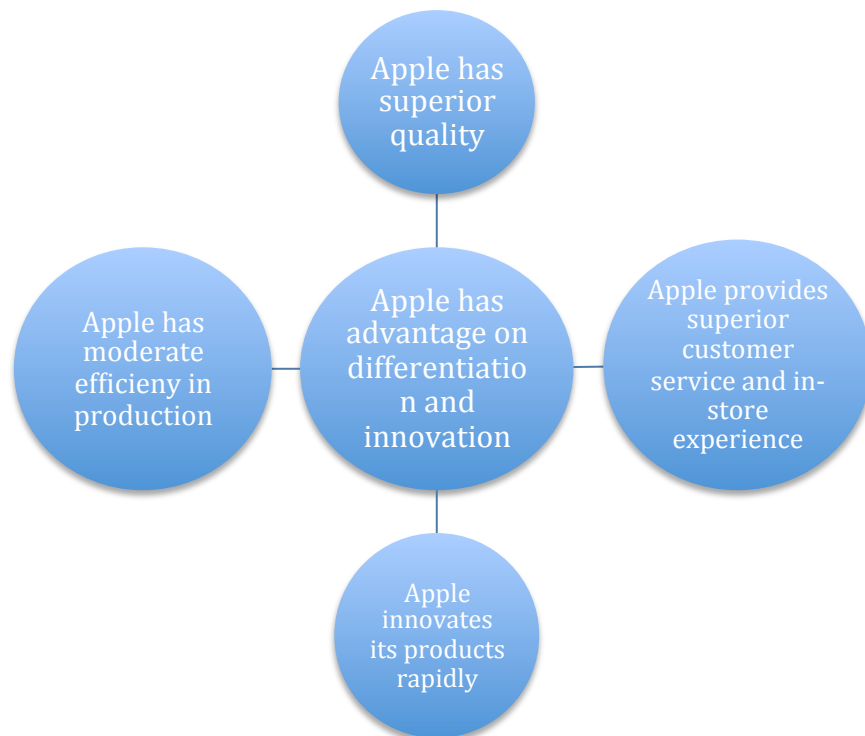


Exhibit C.

Business Level Strategies

Apple was pursuing a broad differentiation strategy, which meant they wouldn't focus on getting cost reductions. Apple tried to make its costs as low as possible for the quality products they were providing but the prices were still much higher than most of their competitors. Apple differentiated itself by its innovation, unique design, premium quality, and superior customer service. The company focused a lot on product design to differentiate itself from its competitors. The unique design and simple features attracted customers. Due to their brand loyalty Apple was able to charge premium prices for its products, which would cover high production cost and still make a profit. As of 2012, Apple opened 390 Apple stores worldwide to provide in store experience and personalized customer service. Apple's retail stores supported its business strategy by providing additional value to customers. The genius bar in many stores solved customer's technical problems.

Functional Level Strategies

1990-1997

After Sculley took over Apple, he shut down the Lisa since it was doing so poorly and utilized resources in order to improve the Macintosh. Apple entered the new desktop publishing market, which was a huge success for the business. Since Apple made both hardware and software, the company had full control of the entirety of the computers. In 1990 Apple sales reached \$5.6 billion, and its global market share stabilized at 8%. However, Apple faced a huge disadvantage when they rejected to license the Mac operating system to other computer manufacturers. This decision became an initial misstep in leading the industry. After Microsoft developed its Windows system, this system soon became a standard in the PC industry, which caused the decline of Apple. Apple failed to take the first mover advantage when the computer industry lacked a standard in operating system.

After Sculley appointed himself chief technology officer and the CEO of Apple he wanted the company to bring out a new low-cost version of the Macintosh to compete with IBM clones. He then cut down the price for the Mac's and Apple II's by 30%. In addition, he cut down the workforce by 10% and reduced salaries of top managers by 15% to lower the costs. Besides, he required the company to bring out hit products every 6 to 12 months. Sculley wanted to use those strategies bringing Apple back to its technological leader role in the PC industry. The company also aligned with IBM in order to compete more efficiently with its competitors, such as Intel, Microsoft, and Dell. Even though Sculley was working hard and had some very intelligent strategies, they did not stop Apple from losing profit.

1997-2013

Steve Jobs returned to Apple and served as Apple's CEO once again. Back in this position Jobs brought Apple back to profitable. He acquired the NexT software and developed a more successful version of OS based on it. Jobs also negotiated with Bill Gate and made a deal with Microsoft on producing Office for Mac until at least 2002. Jobs also stopped the licensing of Mac OS, and acquired a leading Mac clone maker, PowerComputing, to develop software for Apple.

Apple was on its way back up and began to produce hit products. In 1998, Apple launched a new product, the iMac, which attracted many customers by its eggshell design. It also combined the monitor and central processing unit in translucent teal and with curved lines. The initial sale of iMac was successful, and Apple continuously updated iMac with faster processors, more memory, and bigger hard drives. Then, Apple introduced its new operating system OS X, which was faster and more stable than the old Mac OS. In 2001, Apple launched its iPod, which was very successful for the business. Compared to a normal MP3, iPod had a distinctive clean design with large storage. The serial number of the iPod was not on a sticker, and it was elegantly etched onto the back of the device. This attention to detail and design elegance turned the iPod into a fashion accessory. Besides, iPod could hold over 1,000 songs while most MP3 could only hold few dozen songs each. Timing was another reason of iPod's success. While the music industry shut down the peer-to-peer networks to counter piracy over the Internet, consumers needed an online store to download music. Jobs realized this opportunity, and he persuaded the music companies to make their music available for legal downloads through the online iTunes store. Therefore, Apple became the leader in the music and digital player industry..

The company launched the iPhone in 2007. The key elements of Apple's strategy during this period of time were product innovation, and building complementary relationships between Apple products. Apple started making its devices to be compatible with Windows, which meant Apple wanted to transform itself from a niche player to opening to the mass market. After the launch of the iPhone in 2007, Apple redefined what a smart phone had to look like and what the capabilities were. Beyond the basic features of smart phones, iPhone allowed customers to browse the web, take pictures, and function as an iPod digital music player. At the same time, iPhone was elegantly designed and used expensive materials including a body of brushed aluminum and a screen made of tough "gorilla glass". Those features differentiated the iPhone from its competitors and attracted many loyal customers. Apple sold over 250,000 iPhones in the first two days the device was on the market. Then, the launch of App store in 2008 enhanced the sales of iPhone even more. Apple's app store was easy to use, to access and allowed customers directly download applications onto their mobile phones.

In 2012, Apple made \$80.6 billion in revenues from iPhone sales, and it became the most profitable product in the company. The success of iPhone not only changed the mobile industry but also had an influence over the computer industry. Apple started strictly in the computer industry but then entered different markets by its continuously innovation on technology. Apple showed its competitors in the computer industry that a successful computer business should not only limit itself on selling PCs, but also be able to lead the

technology in the consumer electronic industry. Jobs had made very smart functional strategies that ultimately lead to the success of Apple.

Corporate Level Strategies

Apple's corporate level strategies gave the company many advantages. Apple outsourced basic production procedures to third-part manufacturers, where the labor cost was much lower than in the U.S. This allowed Apple to cut down cost while maintaining high quality products. Apple also controlled all designing factors in the company's headquarters. This allowed the company to be sure that every product had the company's core value. The similar design also saved money for the company because they did not have to develop a new system for every product that they produced.

Apple was the first computer company to have a retail store. By selling their products through both retail and online channels, Apple could have more interaction with their customers. This also allowed customers to be able to try their new products in the store, which would reduce customer concern and lead to more sales. They also had many other software and programs that enhanced the using experience of their products. From iTunes and the App store, customers could directly download music and apps to their Apple devices. This provided the customer with convenience and consistency. Even though Apple charged a higher price for their products, consumers were willing to pay it because they were provided with premium quality products and services.

Recommendations

- Apple should continue to maximize its value through the innovation of its products
- Apple should develop a stronger management team that doesn't consist of one person
- Apple should carefully manage their brand reputation and try to maintain being the leader of the industry
- Apple should stay innovative and follow industrial trends in order to have first mover advantages over its competitors
- Apple should continue to upgrade their unique design in order to reduce the threat of new entrants as well as existing competitors

Conclusion

In conclusion Apple has been able to maintain its profitability as well as its market share through broad differentiation strategy. Apple differentiates itself from its competitors and builds up sustainable competitive advantages over time. Apple has been able to establish a group of loyal customers by providing unique and well-designed products. When Steve Jobs died Apple suffered a huge loss, however as long as Apple follows its core value, which is to keep innovation and to change the industry, the company can keep its leader role in various markets.

Appendices

1. Historically, what were Apple's major competitive advantages?

Apple's competitive advantages were its innovation, strong brand image and rapid growth. Steve Jobs knew right from the start he wanted Apple's products to be differentiated from its competitors. Apple constantly was innovating its PCs, which was a huge advantage for the company and why they became the industry leader. The unique design and differentiation of the products created a strong brand image for Apple. In the Sculley years, Sculley pushed the Mac into new markets, most notably in desktop publishing and education. In education, Apple grabbed half the market. Apple's worldwide market share recovered and stabilized at around 8%. By 1990, Apple had \$1 billion in cash and was the most profitable company in the world. Macintosh's loyal customers allowed Apple to sell its products at a premium price. That shows Apple's competitive advantages included customer loyalty.

2. Why did Apple fail to build these advantages to lead the industry?

Apple failed to build these advantages to lead the industry their products couldn't keep up with their competitive advantage of rapid growth. They rushed to finish products that weren't ready to reach the market. One example of this is the Apple III, which caused the computer to fill with bugs and crash constantly. Steve Jobs kept pushing employees to finish projects before the deadline causing the initial development of Lisa and Macintosh to fail. Several executives began to leave the company. The conflict of operations was a reason of Apple's early failure.

3. Was Apple's demise inevitable, or could they have succeeded despite the decision not to license the OS? Explain your answer.

Apple rejected to license the Mac operating system to other computer manufacturers, which later put Apple into a disadvantage position in the computer industry. This decision became an initial misstep in leading the industry. After Microsoft developed its Windows system, their system soon became a standard in the PC industry. If Apple had opened its operating system to other computer manufacturers their Mac OS system might have been the industry standard instead of Windows.

4. How has the structure of the personal computer market changed over the last 30 years? What are implications for the profitability of personal computer manufacturers?

When Apple first entered the computer industry, IBM was dominating the market with its mainframe computer business. However, many companies, including IBM, were still in the process of developing a personal computer. Thus, Apple decided to develop a personal computer with a clean and unique design. By the end of 1980, the launch of Apple II had made the company the leader in the embryonic personal computer industry. In 1981 the industry changed again with the development of IBM PCs. The software

business was also dominated by Microsoft, which licensed its operating system to IBM. At the same time, independent software developers started to write program for IBM PC. Throughout the 1990s, the PC industry developed rapidly and quickly. In the early 2000s, the market leaders of the PC industry were Dell, Hewlett Packard, and IBM/Lenovo. In the PC industry, the four major customer groups were business, education, home, and government. Consumers were looking for faster and lower power consumption PCs. Reducing manufacturing costs was a key component. In order to make an economic return, many companies started to outsource their production of components in low cost locations. Also, protecting the copyright of computer programs was crucial for a company to be profitable in the industry.

5. Given the analysis of industry dynamics, what must a PC firm do to make an economic return in this industry? Is Apple protected from these competitive forces in any way?

In order to make an economic return, many companies started to outsource their production of components in low cost locations, such as China. Also, protecting the copyright of computer programs was very crucial for a firm to be profitable in the industry. Since developing a program would cost a significant amount of money, protecting programs from pirates help business to gain more sales on programs, which increased the economic return. Apple was protected from those competitive forces Due to the complex of its operating system, it was hard to developing pirate for Apple computers. Also, Apple outsources its hardware components from various locations, and Apples products were also manufactured in low cost locations.

6. In the early 1990s, Dan Eilers commented that Apple was on a "glide path to history." What underlay this assessment?

The fail in licensing Mac OS system and the using of Motorola microprocessors lead Apple to a "glide path to history". The closed business model pushed Apple into its niche, which eventually resulted a high cost structure. Also, the popularity of Windows and the Intel microprocessor made developers chose to write software for Windows over MS-DOS. In the early 1990s, Windows operating system and Intel microprocessor became the dominant standard found on 90% of all personal computers.

7. How did the company come to dominate desktop publishing?

Apple dominated the desktop publishing by several driving forces. By licensing PostScript, which enabled the visual display and printing of high quality page layouts loaded with graphics, Apple introduced its LaserWriter printer in 1985. After a short time, another company also introduced a program called Page Maker for the Mac, which used Adobe's PostScript page language for its output. At the same time, that company introduced a MS-DOS version of Page Maker in 1986.

8. Evaluate Apple's strategies from 1990-2013 (focus on Scully and the return of Steve Jobs). How did Scully try to save Apple? How did Jobs?

After Sculley took over Apple, he shut down the Lisa line and utilized resources on improving the Macintosh. Then, Apple entered the new desktop publishing market, which was a huge success to the business. However, Apple rejected to license the Mac operating system to other computer manufacturers, which later put Apple into a disadvantage position in the computer industry. Sculley wanted the company to bring out a new low-cost version of the Macintosh to compete with IBM clones. He also cut down the price for the Mac's and Apple II's by 30%. In addition, he cut down the workforce by 10% and reduced salaries of top managers by 15% to lower the costs. He required the company to bring out hit products every 6 to 12 months.

After Steve Jobs served as Apple's CEO again, he brought Apple back to profitable. He acquired the NexT software and developed a more successful version of OS based on it. Jobs also negotiated with Bill Gate and made a deal with Microsoft on producing Office for Mac until at least 2002. Secondly, Jobs stopped the licensing of Mac OS, and acquired a leading Mac clone maker, PowerComputing, to develop softwares for Apple. Then Jobs cut down the product lines from 60 to 4 and stopped selling all slow selling products. In 1998, Apple launched a new product, the iMac, which attracted many customers by its eggshell design and its strong features. Apple also introduced its new operating system OS X, which was faster and more stable than the old Mac OS. Also, Apple developed a series of applications, such as iMovie and iLife, so the company became less dependent on third party developers. Jobs lead the team to continuously innovate its products. Apple then introduced iPod in 2001, iPhone in 2007 and iPad in 2010.

9. Why was Apple so successful with the iPod business?

Apple was successful with the iPod business due to its innovation in technology and design, which aligned with its business level strategy. Compared to normal MP3, iPod had a distinctive clean design with large storage. The attention to detail and design elegance turned the iPod into a fashion accessory. Besides, iPod could hold over 1,000 songs while most MP3 could only hold few dozen songs each.

10. What were the main elements of Apples strategy from 2003 - 2007. What was Apple trying to do here?

From 2003 to 2007, Apple tried to enter new market by expanding its product lines. After Apple introduced the iPod in 2001, the company launched iPhone in 2007. The key elements of Apple's strategy during this period of time were product innovation, and building complementary relationships between Apple products. Also, Apple started making its devices to be compatible with Windows, which means Apple wanted to transform itself from a niche player to the mass market.

11. How did the iPhone change things?

Apple redefined what a smart phone had to look like and do. Beyond the basic features of smart phones, iPhone allowed customers to browse the web, take pictures and function as an iPod digital music player. At the same time, iPhone was elegantly designed and used expensive materials including a body of brushed aluminum and a screen made of tough “gorilla glass”.

12. What does the iPhone and iPad mean for Apple, and for the computer industry?

The success of iPhone not only changed the mobile industry but also influenced the computer industry. Apple showed to the computer industry that a successful computer business should not only limited itself on selling PCs, but also be able to lead the technology in the consumer electronic industry. The launch of iPad was a revolution of the computer industry. The iPad had a touch screen keyboard, and Wi-Fi and 3G wireless service supports. At the same time, iPad was able to support full-lengths movies on at high resolution. The design and the size of the iPad was a hit to the computer industry. Unlike PCs or desktops, iPad was light enough to slip into a bag. The increasing demand for tablets was a threat to the PC and desktop market.