Apple Strategic Report

Student Name

Course

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# **Introduction**

Apple Inc. is amongst the most profitable technology companies globally. The company was founded in 1976 by Steve Jobs and Steve Wozniak during their college life. The partnership between these two had been blossoming in their early days. Apple is highly innovative and diverse. Its innovativeness and diversity have put the company in a better position to compete within the technology industry effectively. Currently, Apple Inc. is ranked position four amongst the fortune 500 lists of companies based on its 2010 profitability Index (Fortune 500, 2021). Apple deals with the production, distribution, and selling of computers, mobile phones, and media gadgets such as iPods and Home Pods. Apple's business strategy over the last three years has been revolving around product differentiation and online or digital selling. Before Covid-19, Apple was differentiating its products and services to realize more sales. Besides, the company has embraced digital sales.

Apple's management has remained committed to ensuring that selling digital services and its products can substantially impact its overall success. Kaponda (2020) noted that Apple is committed to continuing selling its digital services via the iTunes and App stores, creating a unique influence within its online business context. Apple Inc. has tried its best while navigating through the previous adverse effects and business challenges such as stiff competition and the Covid-19 pandemic. The company's strategic approaches must be praised for successfully maneuvering through these challenges to continue earning more profit year in year out. Apple's critical success factor is its strategic decision-making, which plays a massive role in maintaining a healthy level of emphasis on creating a highly diversified business environment. The paper seeks to review the significant strategic steps that Apple has taken and followed in three years. In doing this, the report aims to evaluate how Apple has adapted its strategy during the Covid-19 pandemic since March 2020 and compare its reactions to its main competitor Microsoft. Lastly, the paper outlines the company's corporate social responsibility (CSR) since the pandemic.

# **Apple Business Model**

For the past three years, Apple has faced two significant problems. These problems consist of stiff competition and the Covid-19 pandemic, which has significantly affected its profitability. Therefore, as a move for management to deal with these problems, online or digital sales strategy was improved for better results. Besides, efforts to deal with the competition have seen the company engage in a series of highly innovative product differentiations since its establishment. In 2017, the company was the most valued company globally, which was primarily motivated by the simple strategy. Whenever the customer knocks on Apple's stores, employees could give them an excellent treatment that could leave them wanting more. For instance, the clients were asked what they "would like to do today." With other companies, it is more or less of how we can help you today.

Other distinctive features characterized by Apple's strategy are making sure all of its products are meant to be used efficiently and putting employees at the center of the product improvement stage. Besides, Apple's mission, vision, and values play a huge role in attaining its objectives and addressing the competition. Its mission is to bring computing technologies and support the various needs of the society in over 140 countries of operations. On the other hand, Apple's vision is all about "making the best products on earth and leaving the world a better place than we initially found it" (Rowland, 2020).

Apple's efforts to continue maintaining its competitive advantage in the industry. The management has had a series of full considerations of the immediate changes needed to deal with the turbulent world. For Apple, diversity is critical over the past couple of years. Apple has built a diversified model dependent on selling iPhones and Mac Books and selling other products and services that have been critical at offering the company a comprehensive strategy for building business growth and sustainability (Gross et al., 2020).

# **Apple Business Model Canvas**

The business model canvas is a strategic tool used to identify, define, and communicate a business concept quickly. Apple's business model consists of 9 primary elements that effectively work together and allow Apple to achieve and maintain its competitiveness. One noticeable feature of Apple's canvas is that sustainability drives the company's success.

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| --- | --- | --- |
| Streams of Revenue | Business Partners | Value Proposition |
| * Sale of products (iPhones, Home pods, and Mac Books) * Licensing and media * Subscription-based services | * Mobile phone firms * Content creators * Developers * Manufactures * Suppliers | * Thinking differently * Smooth design * Usability * Branding and Status |
| Costing Structure | Critical Resources | Customer Segments |
| * Driven by cost * Economies of scale | * Innovation and culture of continually designing | * Mass markets * High-end customers |
| Distribution Channels | Customer Relationships | Critical Activities |
| * Ecommerce site * Stores * Third-party retailers | * Customer self-service * Customer support * Knowledge selling | * Design * Quality control * Manufacturing * Designing |

# **How Apple has adapted its strategy during the COVID-19 pandemic since March 2020**

Apple has continued with its diversification and digital sales strategy since Covid-19 became a pandemic in March 2020. The emergence of the Covid-19 pandemic had detrimental impacts on Apple's operations. The most affected part was the profitability of selling hardware, mainly because its physical stores were closed down due to the measures adopted by various governments to stop the spread of the pandemic. However, due to its adoption of an online business strategy, the company revived its profitability. Apple's digital system was critical in creating its financial leverage that has kept the company highly competitive even within the pandemic. Throughout the pandemic, Apple adapted this strategy by developing a solid platform. This was critical in improving performance levels while maintaining sustainable profitability. Therefore, adapting to a flexible management system where Apple's revenues would be concentrated on App Store and iTunes was critical for the company's success during the pandemic (Sampere, 2016).

Apple Company had built a solid and transparent structure concerning its online strategy before the pandemic. However, the changes that have been defined within the company's operational system with the work from home principle have shown that Apple can easily modify and adapt an operating platform critical in building a highly integrated focus on improving its operations throughout the pandemic. Furthermore, due to its diversification, Covid-19 pandemic has presented the company with an opportunity to grow its revenues and profitability. Lockdowns and movement restrictions forced learning and work to move from facial interactions to virtual interactions. Learners and teachers were able to interact online. Also, remote working became the order of the day. As a result, there was an increase in demand for smartphones, laptops, and desktops which improved Apple's profitability thanks to its diversification strategy. Besides, Apple has strived to increase its revenue stream throughout the pandemic by adopting its online streaming service. According to Gross et al. (2020), Apple's media, licensing, and subscription revenue has been critical in the continued success and development of the company. Therefore, continuous adaptation to a diversified environment was essential for the company's improved situation.

Despite the limitation of interacting within the company's environment, the company's adoption of online or virtual business operations was crucial in helping Apple build a strong connection between the company and critical processes essential in helping shape business development for the company. These processes are crucial to improving efficiencies and operational levels across the various customer segments and markets in which Apple has intensely engaged.

# **Microsoft's reaction to Covid-19 pandemic**

In response to Covid-19, Apple's primary competitor, Microsoft Inc., also adopted a work from home strategy to adhere to the government regulations on stopping the spread of the pandemic. For the first few months of the pandemic, it was evident that Microsoft was highly resilient to the harsh economic environment. Microsoft built its digital capabilities that were essential in the faster recovery from the pandemic. Microsoft primarily focused on providing community support through mobilizing resources towards helping the virus response across the world and provide in-demand job skills for individuals. In the form of revenue, Microsoft implemented a robust cloud strategy that saw its gains from Azure increase by 47 percent and that of gaming increase by 64 percent. Powered by cloud computing strategy and Artificial Intelligence, Microsoft reiterated its resolve to help every organization transform its primary approaches to realize the ever-changing customer needs. In adapting to their growth strategies, both Apple and Microsoft saw the need for service provision rather than product provision. This was critical for their success during the pandemic. Besides, both companies engaged used a diversified approach to ensure they complement revenue gained during the pandemic.

However, Microsoft and Apple adopted various strategies towards making sure they remain profitable during the pandemic. While Apple considered media and streamlining services, Microsoft concentrated more on partnering with healthcare institutions to develop the Covid-19 vaccine (Protalinski, 2020). Besides, to address the needs of the younger population during the pandemic, Microsoft concentrated on the gaming and entertainment section by developing the Xbox S series, which offered clients more functionalities like streaming via Netflix, YouTube, and many more. Apple was more reluctant to allow employees to work from home while Microsoft found it easy to bring and ensure collaboration while teleworking.

# **Apple's Corporate Social Responsibility programs during the pandemic**

Corporate Social responsibility, abbreviated as CSR, refers to the practices and policies undertaken by companies to provide a positive impact on the world. Apple Inc. has remained committed to ensuring the highest social responsibility standards across the global supply chains amidst the covid-19 pandemic. The company believes that it is a worldwide effort and responsibility to care for the sick, ensure safety for the vulnerable, and study the virus for better solutions during the pandemic. One of the core principles of Apple's CSR is ensuring that all of its suppliers are ethical in their operations.

Suppliers are expected to provide safer working conditions for their employees (Apple Inc., 2021). The company made efforts to ensure the safety of its employees entailed working hand in hand with the suppliers worldwide on finding suitable solutions that suit the circumstances in their countries. The measures expected to be put in place by the suppliers included health screening facilities installation, ensuring social distance within the workplace and familiar places, and limiting density.

Also, to further enhance employee safety, the company has put measures to have all the employees access and use personal protective equipment while working and in familiar places. Partnering with other relevant bodies to ensure enhanced cleaning protocols for workplaces further increases the effectiveness of safety measures.

Deploying masks to employees and availing hand sanitizers strategically within working areas helps minimize the contraction and spread of the virus among employees.

Major teams in the company made efforts to formulate partnerships with suppliers to alter, reconfigure and redesign factory and workplace floor plans whenever there is a need. Also, flexible working hours for employees and alternating working hours further maximize the interpersonal works space. Besides, the teams are developing partnerships with privacy experts and medical experts to develop better and adaptive health and safety protocols.

  Apple Inc. became part of RED 2006, launching several campaigns to raise funds towards the Global Funds efforts in Africa (Sub-Sahara). In response to Covid 19 pandemic, the company shifted the RED proceeds to aid in response mechanisms that have been set to maintain it till June 2021. Zambia, a sub-Saharan country, has been among the benefactors of this move, having received millions of PPE to help fight Coronavirus in the country. To further ensure effectiveness, the global fund upgraded the health facilities in the country to facilitate rapid and quality testing of Covid 19, scale up treatment to local communities and provide health-safety tools education to health workers.

Additionally, Apple Inc., through Tim Cook, the CEO, pledged support to India (The Economic Times, 2021). This comes after India having been struck with the third wave of Covid 19. In partnership with other top American companies, a country-specific task force has been put to avail critical medical supplies, oxygen tanks, vaccines, and other forms of life-saving help to the country. The task force has made commitments to deliver 20,000 oxygen concentrators to India shortly.

Apple Inc. CSR responsibility to investors comes after a public report to investors indicating that the company would not meet its targeted revenue of 63 to 67 billion dollars (The Economic Times, 2021). This comes after the company has recorded a low customer demand in China and a high decline in company stocks. Full disclosure of such relevant information is vital for investors in their decision-making process concerning the company. In addition, Apple Inc. plans to hold the Worldwide Developers Conference online instead of having the thousands in one place. This decision was made in the best interests of the company's stakeholders as a Covid 19 prevention measure.

Apple Inc. has also expressed its Corporate Social responsibility in the sharing of wealth practice. The company has donated more than 15 million dollars to facilitate the treatment and mitigation of Covid 19, especially in Italy. Besides, the company has implemented Two-to-One corporate matching for employees affected by the pandemic. Donations are still in place to avail face masks for health personnel in Europe and United States.

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