Apple: SWOT And PESTEL Analysis

Introduction/overview of the company:

Apple Inc was founded in 1976 by Steve Jobs and Steve Wozniak in California. It is a leading company in smartphones and personal computers with a worldwide presence and market-leading position in tablets and wearable technology. Apple brand is recognised worldwide for several things including premium quality products and innovative technology. Apple's product portfolio of iPhone, iPad, iOS, notebooks, wearables (Apple Watch and Airpods) continues to outshine rival products and brands. Apple's biggest growing point in 2018 has been its services and wearables which peaked in the last quarter of 2018. The performance of the company has declined in the first and second quarters of 2019 due to trade wars. This technological giant employs over 130,000 employees worldwide. Apple has a wider presence in developed countries like the US and the UK as it targets middle to high earner families. The worldwide brand is identified by its apple logo. Apple's slogan portrays features used by the company for advertising purposes. Apple's first-ever slogan was "Byte into an apple" which symbolises its partly bitten apple logo. "Think Different" was used for advertisements to solidify its image and increase its popularity.

Vision/Manifesto:

Apple's mission statement is "to bring the best user experience to its customers through its innovative hardware, software, and services." {Apple 2020}. Apple inspires to improve the lives of the people by providing them with the most innovative products with the best user experience. Apple's vision statement is "We believe that we are on the face of the earth to make great products and that's not changing." By this statement, the company solidifies its stance on producing the top quality products for consumers. The components attached with this statement consists of "Innovations, Integration of partners and excellence and market specialization". {Apple 2020}

Market Performance:

Based on research, Apple has performed very well considering the saturation of competitors in the industry. It has a steady increase in its sales until 2016 and a slight decrease in sales of iPhones. As of October 2019, Apple is the second-largest smartphone provider in the world after Samsung with a smartphone market share of 22.09%. It's worth mentioning that Apple is the market leader in the USA and UK. Apple is the market leader in the global tablet industry with a market share of 66.32% but will be facing serious competition from Amazon in the near future as Amazon tablets had a rise in sales in the third quarter of 2019. In the immensely competitive and ever-changing field of personal computers, Apple is ranked 4th in the world with a market share of 6.9%. Due to new technological advancements and innovation, Apple could see a rise in its sales. Apple is dominating the wearable global markets with a continuous rise in sales after the releases of the Apple Watch and AirPods. These two products make the most of the company's revenue as its home devices and MacBooks. {PC Mag 2020}.

Audience and Market Segmentation:

Apple segmentation of different products(iPhone, iPad, iPod, Mac, iOS and accessories) is based on a few different variables such as geographic, demographic, behavioural, and psychographic. Geographically, Apple targets all of their products to a worldwide wide urbanised market. Producing high-quality products with premium prices Apple generally targets the demographic of middle to upper-class earners. Apple aims to target their hardcore loyal consumers as well as new customers looking to switch. Apple brand has a social status attached to its name which attracts numerous high and lavish lifestyles.

Problems Faced:

Research has shown that Apple has suffered in the smartphone market in the US and internationally due to a number of reasons. One reason is the pandemic. As shown in the figure below the sales have decreased significantly. The second reason, Apple heavily relies on its loyal fanbase and social media to promote products. Apple also struggles to attract new users because of its premium prices which have 60% decline in their new user sales.

This figure shows the decline of iPhone sales quarterly.

The second Major issue faced by Apple is entering into the new market penetration into home accessories. Apple has attempted to enter into ever-growing fields against Amazon Alexa and Google Home. Apple has failed to sweep the market with its Homepod due to a lack of marketing and advertising. Apple had an overall growth in sales with wearable technology and accessories due to Apple Watch and Airpods being a major success. Apple has the opportunity to grow beyond just this.

Solutions:

Apple has the opportunity to utilise its artificial intelligence further with its Homepod which will aid its expansion. It has been announced that Apple is actively working on AI infrastructure with self-driving car technology which could be implemented into home devices. To improve the sales of its iPhones, Apple needs proper marketing strategies along with dedicated advertisements toward iPhone. Apple has introduced budget phones such as SEs to overcome its premium pricing issue and target a wider range of audiences.

Competitor Analysis:

Apple is competing in a market with many leading competitors as one of its main competitors is Samsung in the phone industry. Apple has many other products such as accessories, tablets, and laptops where it's competing with leading companies such as Dell, Lenovo, Hewlett-Packard, Asus and Amazon. Samsung is the leading brand in smartphones with a market share of 31.49% in the global market share, followed by Apple, Huawei and Xiaomi. Samsung was founded in South Korea in 1938 by Lee Byung-Chul with the vision to “Create Future, which is an underlying principle which defines their vision for the future of Samsung electronics” {Samsung 2020}.

Amazon dominates the home assistants market with Amazon Alexa which is the biggest competitor in the field. Amazon inc. is an e-commerce company founded by Jeffery Bezos in 1996 in Washington US. Amazon “aims to be Earth’s most customer-centric company. Our mission is to continually raise the bar of the customer experience by using the internet and technology to help consumers find, discover and buy anything, and empower businesses and content creators to maximise their success.” {Amazon 2020}

SWOT and PESTEL:

SWOT Analysis looks into the inward working of the company to provide better understanding into market segmentation and marketing mix of the products.

Strengths

- Apple has a strong and valuable brand Image.
- Apple is proficient in research and one of the top leading Innovators in electronics.
- Apple has a large portfolio of products and services.
- Apple has one of the most loyal customer bases spread across the world.
- Apple produces premium and popular products and is a brand of choice.
- It has a great online presence.

Weakness

- Apple’s products are considered a luxury due to its high priced products.
- Apple’s incompatibility with other operating systems has been its biggest downfall.
- Many legal actions against the company for breaching privacy and collusion between other companies could be harmful to the brand name.

Opportunities

- Apple has the opportunity to expand beyond Airpods and Apple watch in wearable technology.
- A change to become eco-friendly by using renewable/green technology.
- It has an opportunity to grow their services portfolio as their service revenue is growing fast and it could become a bigger revenue source in near future.
- Apple has the chance to expand into emerging technology areas such as artificial intelligence which will aid the company’s growth.
- Opportunity to expand in the music streaming services.

Threats

- Ever-increasing competition with technological giants such as Samsung, Dell, Amazon and Google.
- 60 lawsuits filed against Apple could destroy the brand image resulting in the demise of the company.
- Apple faces many regulatory pressures from the government to open backdoor mechanisms to allow access.

PESTLE Analysis

PESTLE examination learns for the directors and the procedure works concerning where their market at present stands and where it will take off later on. PESTEL investigation comprises segments that impact the business condition and each letter in the abbreviation represents a lot of variables that influence each industry.

Political

- Political issues such as trade disputes with China.
- Frequent amendments and limitations with visas affecting workforce.

Economical

- intensifying worldwide economic conditions would influence the company’s turnover.
- Impact of fluctuating foreign exchange rates.
- Increased labour cost will affect profitability and products.
- Tax benefits on overseas sales.
- Expansion of Apple is based on the stable economy of developed countries.

Social

- World's most valuable brand.
- Popularising the use of mobiles using social media.
- Analysing the consumers behaviour marketing policies for profitability.
- Urbanising trends in developing countries like India and China will be favourable for business.

Technological

- Many competitors provide same or advanced technology at affordable prices which could impact financial performance and brand image.
- Continues focus and research on innovation and advanced technology.
- Technologically tools designed for everyone.
- Cloud computing is an emerging area and great opportunity for Apple to exploit.
- Integrating different devices to build an ecosystem.

Legal

- Changes in tax obligations.
- Accordance with laws related to consumer rights and information.
- Privacy issues are a concern for the users and government.
- Harsh telecommunication regulation that is a threat to Apple.
- Repercussion of violation of laws.

Environmental

- Actively focused on protection of the environment through recycling.
- Use of renewable material and energy
- Green initiative
- Replacing harmful substances with eco-friendly ones.
- Apples huge infrastructure of data and internet can lead to increased electricity in future.

Apple’s Social Media presence:

- Apple has a huge presence on social media as being a world renowned company. They have multiple social media accounts on multiple platforms such as Instagram, Twitter, Youtube, Snapchat and Facebook.
- Apple and Apple Music on Instagram has over 23.5 million and 4 million followings respectively..
- Apple has a huge following on Youtube due to its famous keynote with over 10 million engagement on the stream and over 11.9 subscribers.
- Apple direct website stats as shown below it has massive traffic.
- Apple has a twitter huge following on twitter but has never been active.

Conclusion

Apple is an IT company and mostly relies on the economics factors to make profit. Therefore, companies will have a major crisis with employment, salaries and customers expectations. As consumer driven markets always require to match market segmentation. Each company has to introduce a new mobile phone in 6 month to stay in the life cycle of the product analysis.And Apple is using its strategy to “customer first” in transformation of leading technology. Swot and pestle analysis has identified the opportunity and strength of the company by considering the external factors. For the sake of keeping turning forward and giving new innovations to consumers as well as employees.

Apple’s focus on innovation and product quality which have helped maintain its position in the market. As being one of the top companies in the technological market, it has enjoyed sales in 2018. Apart from small decline in sales in 2019 and fluctuation in revenue the company holds its position in the market with formidable competitors. Apple is facing many issues concerning US and China trade wars which have led to its weakened financial status. The decline in the personal computer markets in 2019 have increased the number of challenges for the company to overcome. With all the challenges, Apple’s loyal consumer base is a reliable source of income which will continue to support future innovations.

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