

## **SWOT Analysis of Apple Inc.**

Apple Inc. is one of the most successful companies in the world. The company has been providing robust technology products and exceptional software services. Apple is headquartered in Cupertino, California and was founded by Steve Jobs. Apple launched its first product 'Apple 1 computer' in 1976. Since then, Apple has grown exponentially in terms of products and services.

Today, one of the most successful products of Apple is the 'iPhone'. In the fiscal year 2019, iPhone sales of \$142 Billion represent over half (54%) of apple's overall revenue of \$260 billion.

### **SWOT**

SWOT is the acronym for "Strength Weakness Opportunity Threat", which outlines the current position of an organization. It identifies that whether a company is in a good or bad market position. While the strengths and weaknesses are internal factors, the opportunities and threats are external to the organization. SWOT analysis helps the organization to design and formulate a suitable strategy that may use the available resources in an optimum way, exploit the opportunities and avoid the threats in an efficient way.

	<b>Helpful</b> To achieving the objectives	<b>Harmful</b> To achieving the objectives
Internal origin (Attributes of the organization)	<b>S</b> Strengths	<b>W</b> Weakness
External origin (Attributes of the environment)	<b>O</b> Opportunities	<b>T</b> Threats

Here's a detailed analysis of Apple's Strengths, weakness, opportunities and threats.

**1) Strengths:** These are the factors that provide competitive advantage to the organization. These factors collectively may allow an organization to bring change in an organization. Apple's strengths include.

- Most valuable brand: Apple is ranked #1 for the 7th consecutive year by Interbrand - with a brand value of \$234 billion.
- Top technology: Apple was the first to introduce some of the most innovative products that have changed the world (iPhone, iPads). Apple is still determined to build and craft better, more proficient technology devices.
- Proficient research: Apple plus dedication into its product designs. Careful study is initiated, and further research is performed to help understand customer needs and requirements.
- Expansion in services: Apple has been expanding its services portfolio for many years. For example, about 16% of Apple's annual revenue comes from its services, which is the second biggest contributor to its revenue after the iPhone. Apple's services include digital content stores, streaming services, iCloud, AppleCare etc.
- Globally Iconic: Apple is the one of the most reliable company when it comes to personalized advanced computers and smart technology devices.

### **2) Weaknesses**

- Limited advertisements and promotions: Apple have solidified their grounds by establishing loyal customers, even with limited advertising resources. Apple marketing

reles heavily on its iconic and flagship retail stores. Because of their success, Apple does not feel the need to have excessive spending towards advertisement in comparison to other big brands.

- Entering into area of non-competency: Apple is rapidly expanding into new services such as video content streaming, game streaming, credit card competing with the dominant players such as Netflix, Disney etc. They might be entering into areas in which they lack competencies, remember the failure of Apple maps.
- High priced products: Due to their premium pricing, only middle- or high-class individuals can afford their products.
- Allegations of tracking: Tracking users undermine trust. Apple has been accused of using tracking apps in its phones, which revealed the precise location of users.

### **3) Opportunities**

- Consistent customer growth: Apple has been dominating the technology sector for years now. They provide top quality and cutting-edge technology that offers a breakthrough in customer experience.
- Qualified professionals: Apple's researchers, developers and product specialists are a team of highly qualified professionals that have years of experience in branding consumer products. With the expansion of their team, Apple can continuously build new opportunities.
- Utilize artificial intelligence; To increase its profit margins and have a strong market position, Apple should utilize artificial intelligence.
- Deliver self-driving software technology: The demand for autonomous is increasing rapidly. Apple has the expertise needed to deliver self-driving car technology rather than fully functional autonomous or electric cars.

### **4) Threats**

- Coronavirus outbreak: Apple is highly dependent on China for its manufacturing and supply chain. The outbreak has significantly affected and may continue to disrupt about 32% of Apple's annual revenue in the fiscal year 2020.
- Supply chain disruption: The recent events have significantly affected and disrupted its operations. It reported flat revenue in Q2 of 2020 and declined to offer annual revenue estimates for FY2020 due to supply chain uncertainties.
- Increasing competition: Although Apple as a brand has solidified itself, it still faces threats from competitors. As the competition is getting stronger, Apple either has to introduce new technologies or revise its pricing policy to stay ahead of its competition.
- Market penetration: There has been a significant change in market penetration by other brands in the smartphone market. Companies like Samsung, HTC, and Lenovo are using Android software to create new smartphones.

### **Recommendations**

The internal and external factors discussed in this SWOT analysis indicate that Apple Inc. possesses major strengths to effectively address organizational weakness. The company can also use these strengths to exploit opportunities, such as the expansion of its distribution network. Moreover, the company can use its strong brand image and rapid innovation processes to successfully develop and launch new product lines. However, Apple faces the significant threats of aggressive competition and imitation, which are major challenges affecting players in the global market for consumer electronics, computer hardware and software and online digital content distribution services.

Based on the strategic issues highlighted in this SWOT analysis, a recommendation is to continue the aggressive and rapid innovation involved in developing the company's products. Such innovation reduces the adverse effects of imitation on revenues. Also, it recommended that the company further enhance the automation of its production processes and support the automation of its contract manufacturers as a way of addressing the rising labor costs involving Apple product manufacturers.

## **Reference**

Seitz, Patrick. "Apple Sees Healthy "iPod Economy." Investor's Business Daily 5 Dec. 2005: A5.