

Apple value chain analysis is an analytical framework that assists in identifying business activities that can create value and competitive advantage to the business. Figure 1 below illustrates the essence of apple value chain analysis.

References Executive Summary Value chain analysis goes a long way in the categorization of the value adding activities in an organization. As the value chain, as explained later in this paper, encompasses the entire organization- classified as the inputs for the primary and secondary activities, the proper analysis of the same is very crucial to the overall development of the organization and its long term sustainability in this competitive world. The analysis of the value chain of the Apple Inc. This is due to the fact that Apple Inc. They, instead rely on the outsourcing of the manufacturing to Chinese corporations. This can be very detrimental to the company in the long run. Another aspect that could be improved is the Human resource aspect that makes a part of the support activity of the value chain. Our recommendations would include to build manufacturing units to buffet the firm from external influences, to make changes in the technology aspect by making the operating system open sourced and to have more robust human resource policies to make it very employee friendly. Introduction For a firm, Kotelnikov , defined the value chain as the model, of the way in which the firms procure the raw materials, and these raw materials are put into the special process that add value to it to make is a commercially sellable products, that can be sold to the end customers. The paper would do a value chain analysis of the company, Apple Inc. With this, the effect of the efficient development of a robust value chain on the success of the product offerings of the company would be discussed. With a special focus of the company- Apple Inc. There would also be a section on the global business implication of the value chain on Apple Inc. The above analysis would give us a good insight on the input of the different value based components into the development and the sales of the products of Apple Inc. This lucid knowledge would thus enable us to develop own strategies and recommendations, on the effective management of the different aspects of the organization. Value Chain- What is it? According to Porter the value chain of Apple contains Primary and Secondary activities. This is done by tie-ups and sponsorships. Efficient logistics systems by having a robust distribution channels can reduce cost and give the firm a long term Sustainable Competitive Advantage SCA. Here Technology Development can create long term value as the firm can stay ahead of its competitors in developing better products. Developing robust procurement activities will generate value for the company like Apple, who is dependent on few sole suppliers and hence reduce the bargaining power of the suppliers. The image below sums the activities that consist of the Primary activities and the Support activities of the value chain. Porter, M, , Competitive Strategy: The merits and demerits of the Value Chain Analysis a.

Chapter 2 : Value Chain Analysis | SMI

Apple Value Chain Analysis: It was Michael E Porter of the Harvard Business School who introduced the concept of value chain. The value chain includes the entire range of activities from the beginning to the end involved in bringing the product to the market and the end user.

By Abhijeet Pratap Filed Under: Business Apple Value Chain Analysis: The value chain includes the entire range of activities from the beginning to the end involved in bringing the product to the market and the end user. Starting from the raw material till marketing, sales and after sales service, all these stages add value to the product. A value chain analysis provides an analysis of all these steps for a company and how they are adding value to the product. An analysis of the value chain helps at optimizing these activities for better results. Through the optimization of the value chain, the companies cannot just reduce their costs but also improve their operational efficiency. Such optimization brings efficiency and can be a source of competitive advantage. This is an analysis of the value chain of Apple Inc. There are two kinds of activities in the value chain, the primary and the support activities. Both of them are discussed below: Value Chain Analysis Primary activities: A very large number of its major suppliers are located in Asia in China and Japan. Some of its major raw material suppliers include 3M and Foxconn. Based on its financial clout Apple enjoys high bargaining power with respect to its suppliers. It has set quality standards for its suppliers so that they maintain the highest quality standards for their goods and services. Apart from these things Apple has adopted smarter methods to reduce its storage requirements and speed up the procurement process. The manufacturing of the Apple products takes place in several nations. However, it is mainly China where its products are assembled and that is why several of them bear the tag of Made in China. Apple has also engaged the Indian government in talks and manufacturing may soon start from there. While a large part of the assembly takes place in China, a smaller part takes place in the other nations too. Labor costs have been lower in the Asian nations which reduces the manufacturing costs for Apple. Apart from it, Apple has also focused on reducing the use of toxic substances in the manufacturing and assembly of its products. Recyclable material is now more in use at Apple. However, by outsourcing production, Apple has been able to manage its production costs too. Apple has managed a very large distribution channel consisting of both direct and indirect channels. From retail stores to online retail and its own branded stores, Apple has managed a very large channel for the distribution of its products to the customers. Over time it has focused on improving its distribution channel and added to its number of brand stores. Apart from these things the focus has also remained on green packaging and eliminating wastage. Apple is a famous brand whose products are known for quality, design and technological innovation. Any new product from Apple is like news that is highlighted not just by media but several other sources including small and big websites. However, that does not mean Apple does not spend on marketing its brand. While its products are publicized heavily in the media, Apple also makes unique ads that engage its customers. It has acquired remarkable brand loyalty by the use of creativity and imagination in its advertising strategy. Apart from television and online commercials, the brand also makes use of print ads for the marketing and promotion of its brands. Apple provides comprehensive after sales support to its customers. Most of the products from Apple come with a 90 days complementary support and a one year limited warranty. Apart from it, there is online store help available for the Apple customers. They can check their order status online. Customers can chat with experts or call Apple for help. Customers can get their phones or other Apple products repaired at a local Apple authorized service provider or an Apple store with genius bar. Apple spends heavily on research and development. Its brand is known for technological innovation and for the great quality and unique designs of its products. There are three key factors behind this push. Human Resources management is also a key part of the value chain activity of firms. Apple focuses both on hiring and paying well. This has been the norm since the times of Apple founder Steve jobs. Apple has always hired the best. Apart from inclusion and diversity, the new CEO has brought several changes that are aimed at changing the reputation of Apple in terms of HR. Procurement is also a key focus area at Apple. It has managed excellent relationships with its suppliers. The suppliers are required to provide the workers with

safe working conditions and to provide products and services as per the standards. All these factors influence its relationships with the suppliers. However, Apple is also a major buyer for most of its suppliers and therefore it is a mutually beneficial relationship for the two. From management to financial and other resources plus the culture and structure, all these things form the infrastructure of any firm. In the case of Apple, it underwent a major cultural change recently.

Chapter 3 : Apple Value Chain Analysis – mastermindmarketingsite

The analysis of the value chain of the Apple Inc. showed a very critical aspect in the manufacturing and production sector of the company. This is due to the fact that Apple Inc. does not have any manufacturing facilities to produce the hardware for its products.

Definition Value chain analysis VCA is a process where a firm identifies its primary and support activities that add value to its final product and then analyze these activities to reduce costs or increase differentiation. Value chain represents the internal activities a firm engages in when transforming inputs into outputs. Understanding the tool Value chain analysis is a strategy tool used to analyze internal firm activities. Its goal is to recognize, which activities are the most valuable i. The firm that competes through differentiation advantage will try to perform its activities better than competitors would do. If it competes through cost advantage, it will try to perform internal activities at lower costs than competitors would do. When a company is capable of producing goods at lower costs than the market price or to provide superior products, it earns profits. Porter introduced the generic value chain model in Value chain represents all the internal activities a firm engages in to produce goods and services. VC is formed of primary activities that add value to the final product directly and support activities that add value indirectly. Although, primary activities add value directly to the production process, they are not necessarily more important than support activities. Nowadays, competitive advantage mainly derives from technological improvements or innovations in business models or processes. On the other hand, primary activities are usually the source of cost advantage, where costs can be easily identified for each activity and properly managed. Using the tool There are two different approaches on how to perform the analysis, which depend on what type of competitive advantage a company wants to create cost or differentiation advantage. The table below lists all the steps needed to achieve cost or differentiation advantage using VCA. Competitive advantage types Cost advantage Differentiation advantage This approach is used when organizations try to compete on costs and want to understand the sources of their cost advantage or disadvantage and what factors drive those costs. Establish the relative importance of each activity in the total cost of the product. Identify cost drivers for each activity. Identify links between activities. Identify opportunities for reducing costs. Evaluate the differentiation strategies for improving customer value. Identify the best sustainable differentiation. Cost advantage To gain cost advantage a firm has to go through 5 analysis steps: All the activities from receiving and storing materials to marketing, selling and after sales support that are undertaken to produce goods or services have to be clearly identified and separated from each other. The managers who identify value chain activities have to look into how work is done to deliver customer value. The total costs of producing a product or service must be broken down and assigned to each activity. Activity based costing is used to calculate costs for each process. Activities that are the major sources of cost or done inefficiently when benchmarked against competitors must be addressed first. Only by understanding what factors drive the costs, managers can focus on improving them. Costs for labor-intensive activities will be driven by work hours, work speed, wage rate, etc. Different activities will have different cost drivers. Reduction of costs in one activity may lead to further cost reductions in subsequent activities. For example, fewer components in the product design may lead to less faulty parts and lower service costs. Therefore identifying the links between activities will lead to better understanding how cost improvements would affect the whole value chain. Sometimes, cost reductions in one activity lead to higher costs for other activities. When the company knows its inefficient activities and cost drivers, it can plan on how to improve them. Too high wage rates can be dealt with by increasing production speed, outsourcing jobs to low wage countries or installing more automated processes. Differentiation advantage VCA is done differently when a firm competes on differentiation rather than costs. This is because the source of differentiation advantage comes from creating superior products, adding more features and satisfying varying customer needs, which results in higher cost structure. After identifying all value chain activities, managers have to focus on those activities that contribute the most to creating customer value. Managers can use the following strategies to increase product differentiation and customer value: Add more product features; Focus on customer service and

responsiveness; Increase customization; Offer complementary products. Usually, superior differentiation and customer value will be the result of many interrelated activities and strategies used. The best combination of them should be used to pursue sustainable differentiation advantage. Example This example is partially adopted from R. It illustrates the basic VCA for an automobile manufacturing company that competes on cost advantage.

Chapter 4 : Is Apple's Supply Chain Really the No. 1? A Case Study - Supply Chain 24/7

Value Chain Analysis Before making a strategic decision, it is important for Apple to understand how its activities or products create values for customers.

Accessories Cloud services These product lines are associated with human resource utilization and business processes based on product-based divisions, which are a characteristic of Apple Inc. The Mac product line includes desktop and laptop computers of various sizes for different market segments. On the other hand, the iPad, iPhone, iPod, and Apple Watch are mobile devices with some functions similar to those of Mac products. This element of the marketing mix shows that the company operates in the consumer electronics products. This element of the marketing mix reflects Apple Inc. Place or Distribution in Apple Inc. Apple Store locations Company-owned website and online stores for desktop and mobile Authorized sellers Telecommunications companies Apple Store is a subsidiary of Apple Inc. For example, these stores sell MacBook units, as well as peripheral devices from other companies. Apps, music, movies, and other digital content are available through online stores for desktop and mobile, such as the App Store and the iTunes Store. In this element of the marketing mix, the inclusion of these online distribution channels helps optimize international market reach. These sellers operate stores in various strategic locations, such as in shopping malls in different markets around the world. The sellers include large retail firms like Walmart and Best Buy. Some authorized resellers sell through their own stores as well as their seller accounts on Amazon. In addressing this 4P element, the company emphasizes the premium brand image and premium quality of its products. The company has agreements with various prominent websites to advertise and promote Apple products. In addition, the company uses personal selling in the form of Apple Store employees who provide product-specific information in the aim of convincing store visitors to make a purchase. Also, among the 4Ps, this element involves sales promotion, which usually happens at the Apple Store locations and authorized reseller locations. For example, some locations offer old models at discounted prices when bundled with larger or more expensive products. Moreover, the company uses public relations to optimize its corporate image. For instance, Apple Events, leaks of new product features, press releases, and exclusive interviews are carefully executed to maximize positive publicity. The company is also involved in various initiatives, such as ConnectED, which aims to improve formal education outcomes, while promoting the business and its products. The company uses such communications tactics to satisfy this element of the marketing mix, pertaining to business needs in reaching more customers worldwide. Premium pricing strategy Freemium pricing strategy The premium pricing strategy involves offering products at a premium. In theory, a premium is an amount that is applied in addition to the typical or common price. For example, in general, iPhones are more expensive than Samsung smartphones. Premium pricing maximizes profit margins. Such combination ensures competitiveness. Aside from premium pricing, the company also uses the freemium pricing strategy. In this freemium pricing case, some of Apple Inc. For example, the company offers free 5-gigabyte iCloud storage. However, to add more storage capacity, customers must pay a recurring fee.

Chapter 5 : Apple Value Chain Analysis - theinnatdunvilla.com

APPLE INC. VALUE CHAIN ANALYSIS. Apple Inc., a consumer electronics firm, is more perceived as a marketing company than a technology company. This turnaround is brought by the experiences of the company throughout the years by learning with its business mistakes, retaining the core principles, and expanding operations through extensive partnerships.

This turnaround is brought by the experiences of the company throughout the years by learning with its business mistakes, retaining the core principles, and expanding operations through extensive partnerships. The primary activities of the company includes the inbound logistics, operations, marketing and sales while the secondary activities includes purchasing, human resource management, and technology. Apple Company has the following value chain Adapted from Using the 5 sentences on 7S model for the value chain it will be as follows: The company has realized that outsourcing raw materials that are core ingredients in a product that is otherwise already available in the market is a step to their competitive advantage. This cuts down the cost in research, manpower and technology, the major setback is the high procurement cost of the supply. The company then Need essay sample? This is of course a gamble to the company who is starting this strategy. Hiring supplies externally raises the issue of control and risk that is equated to a cost to the company. Since the company will be relying heavily on its suppliers, it had developed a control system called Suppliers Code of Standard that can measure manufacturing standards, labor related issues, sourcing of raw materials, and ability to meet deadlines. The expertise of a supplier is an advantage since they focus on the quality of a certain product that serves as a raw material in the packaged hardware that Apple Inc. With Intel, the transition period commenced earlier than expected and had its PCs available to the market before target date. This move is an advantage for the company where most of its competitors are already using Intel chips and its latest Intel Core Duo during that time. This helps the Apple Macs at par with its competitors and added value to its customers Apple Inc. This helped in the development of the now available in the market, Mac OS X. This venture, helped lower down the cost of developing the same technology and is now readily profitable and multi-branded Leopard and Tiger in the market. The forging of partnerships with meaningful improvements with its suppliers had contributed to Apple Inc. Investors have responded positively in the new ventures and diversifications of Apple Inc. Winning the trust of the shareholders increases value to its public in a long term perspective. Apple should adopt collaborations that is involving a number of processes that are considered to be important. The processes to be considered includes the customer finance operations and people. In this objectives, collaborations processes is defined and you will find issues like design of the product outsourcing configuration of the project and product development. Business managers world wide today, are thinking collaboration and are adopting of globalization and outsourcing. Its open secret that in corporate world today whether business is family or owned by many management of innovation has become real issue.

Chapter 6 : Apple Inc Strategic Audit: Value Chain Analysis | the STUDENT CENTER

This assignment examines Apple according to value chain analysis. For proper study of this organization according to value chain analysis one must understand what value chain analysis is. The concept of value chain analysis was introduced by Michael Porter in the s.

Admin Business , Case Study , Management No Comments The assessment of the Apple Inc value chain reveals the critical aspect that distinguishes itself from other opponents. In reference to Porter , value chain comprises primary and secondary activities. Its primary activities comprise inbound logistics, operation, marketing and sales while its secondary activities entail procurement, technology and managing human resources. This can be detrimental to its long term projects. The organization primary dedicates its manufacturing operation to schedules of acquiring raw materials. Currently, the organization derives its competitive advantage by outsourcing raw materials constituting its core ingredients. Nevertheless, it transpires in high procurement costs incurred along the supply chain, thus the need to locate its assembly lines near the supplier regions. Outbound logistics The process of hiring external suppliers brews lost control and unsatisfied delivery commitments that disrupt its manufacturing schedules. This translates to additional cost for the company. This metric assesses the manufacturing standards, sourcing of all components, labor-related issues and ability to honor delivery schedules. In addition, it makes its suppliers aware of the need to retain an immediate attention to fast-paced operations by training their supervisors on academic and life skills. It converts the lower manufacturing costs as additional value to end consumers through receptive pricing policies. Broadening its supply base to double the Chinese suppliers from to sixteen, will eradicate delays disrupting the manufacturing schedules Salerni, Technology and Product Design The existence of huge investment in technological existence represents the essence of apple success. This generates a benchmark for their designs that exploit the emerging opportunities in the global market through offerings that yield excellent user experience SEC, The retention of the bundled package of hardware and software products forms the integrated platform for its ecosystem while imposing inter-operability features. It yields an integrated digital styling that redefined the operation component as the natural progression of its design process. Procurement Procuring law materials for its products happen through Chinese manufacturers. Through its widespread subsidiaries, the company markets its products through visual media, official website, print media and aggregated advertisement campaigns. Besides the knowledgeable salespersons involved in demonstrating the unique functionality of its products, it establishes customer loyalty through post-sales experiences SEC, This allows the existing consumers endorse the apple brand to others. It leverages these resources by creating virtual love relationships with their target customers by delivering products of superior functionality and user experience. Human Resource Management Apple Inc uses a nonconventional organizational approach titled Apple Core structure, where management flows down the organizational chart. The structure allows the streamlining of interactions between the organization and the employees. Finally, it has an approximated workforce comprising full-time employees, temporary employees with of them working in the retail segment SEC, This generates exclusive support of its customer service throughout the distribution network. Secondly, it allows the company to generate value addition through new generations of products while avoiding preannouncements of products. It prioritizes superior end-user customer service rather than valuing the existence of the small enterprises who value responsive and on-site support. Despite the recent success of its value-added reseller model, it leaves more money on the table by overlooking the immediate outlets with the local connection with the target consumers. Its current success in providing superior products may overwhelm its sales and marketing infrastructure. This arises from ignoring local resellers who cover the physical ground of end-users. Before you go, you are invited to support a noble cause on IndieGoGo:

Chapter 7 : Strategic Analysis of Apple Inc. Table of Contents | Bao Trinh - theinnatdunvilla.com

Apple works with hundreds of suppliers around the globe and maintains a highly sophisticated supply-chain

management as illustrated in Figure 2 theinnatdunvilla.com Value Chain Analysis Posted on March 7. Figure 1 below illustrates the essence of value chain analysis.

Chapter 8 : Apple Inc.â€™s Marketing Mix or 4Ps (An Analysis) - Panmore Institute

Apple is a technological emporium, currently competing with Microsoft on leading technology therefore, their value chain must be organized and should have a very developed logistics department in order to fulfill their goals.

Chapter 9 : Apple Value Chain Analysis

The assessment of the Apple Inc value chain reveals the critical aspect that distinguishes itself from other opponents. The Apple Inc experience traces from the unique value creation, support and management processes lying throughout the stages of acquiring inputs, product development and output delivery to end-users.