

# Market Strategies and Development Analysis of Apple Inc

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**Abstract.** Apple Inc. is one of the most successful multinationals and technological companies in the world. Its products especially the iPhone gained market shares worldwide not only because of their unique appearance and characteristics but also the cutting-edge technology application used on them. How can Apple stand in today's market position can be explored comprehensively. This paper tries to find out the market situation of Apple through the analysis of Apple's market and product development. Additionally, the potential advantages and disadvantages of Apple's market strategies can also be figured out to demonstrate what contributes to Apple's success. Apart from that the financial performance in different regions and the sales revenue from different products also be discussed to make some implications for both its competitors and Apple itself. Generally, it is obvious that although Apple has applied good market strategies, the difficulties and drawbacks it faces also negatively influence its development and financial performance.

**Keywords:** Apple Inc, SWOT analysis, financial performance, Market strategies.

## 1. Introduction

Apple Inc. is a technological firm that was set up and headquartered in Cupertino, California on 3 Jan 1977 with its previous name 'Apple Computer Inc. This company gained its name and huge profits from cutting-edge products such as iMac, iPod, iPhone, and iPad. Nowadays, Apple is one of the Big Five American information and technology companies with Alphabet, Amazon, Meta, and Microsoft. With a valuation of more than \$1 trillion in Aug 2018, \$2 trillion in Aug 2020, and \$3 trillion in both Jan 2022 and June 2023, Apple became the first publicly traded American company to reach such achievements [1]. Nevertheless, in recent years, an increasing number of new rivals that make high-quality products and sell for cheaper prices are a serious threat to Apple and occupy more market shares and customer base from Apple. Additionally, the COVID-19 pandemic impacted the global economy and until now, it is just an initial recovery. Those issues will affect Apple's profitability at some point and should arouse more attention from the leaders of Apple to prevent cutthroat competition and protect its current market position.

Naik and Pai find that numerous external and internal issues reflect that Apple has significant merits outweigh its competitors which allows it to successfully have a good command of a wide range of organizational disadvantages. Apple also has opportunities to capture potential benefits, for example, by expanding its distribution network coverage. Furthermore, it is much easier for Apple to develop new and unique products by using its strong product brand image and efficient innovation system. However, Apple should overcome the competition and imitation from other competitors at the same time, which may affect the electronic products line and computer hardware and software application [2]. Vliert did market research about Apple's products and found that Apple has successfully entered several areas at once because of its strong brand recognition and large customer base. The demand for an electronic device that can help users access messages quickly and efficiently is satisfied by Apple's iPhone. Additionally, Apple influences customers' behaviours through both mental and cultural aspects. It is a trend that individuals always feel a sense of luxury and happiness by using Apple's products which is the main reason why people prefer to buy Apple without thinking twice. Therefore, Apple with its famous brand name can survive in the market and become the technology giant [3].

Chloe analysed that Apple achieves its objective of building a strong connection with customers through shopping and using experiences. Moreover, Apple established three best practices to give customers special experiences which are a physical store, online shopping, and marketing, which

successfully create a lifetime experience. The packaging of Apple's products is aimed to present simple and uncluttered designs [4]. Chen et al. analysed Apple's current position by exploring its firm strategies. Apple can use its advantages to enter more potential technological fields such as clean energy and self-driving technology which other companies seldom enter to gain more market shares. In the financial aspect, the statistics of Apple's annual sales and percentages of different products show that America is the largest market for Apple, and iPhone sales are better than other products in comparison. However, Apple also included some drawbacks, for instance, the price of the products is unaffordable for some people, advertising and marketing lack new creative ideas, and cannot fit other third-party applications when using the IOS system [5].

Pan studied Apple's framework and concluded that Apple uses its official website, physical store, and advertisement to highlight that it is not only a technological company but also provides products with high quality to its customers gives people a sense of belonging and illustrates cultural diversity. According to customers' feedback, Apple's after-sale service is also the most excellent part which satisfied their fans. Additionally, Apple also has a sense of social responsibility and aims to advocate for people protecting the environment and made a promise to make the carbon neutral products line in 2030 to show more care about the emissions and the world Environment [6]. Lu's research on Apple's marketing strategies. Apple set a good example for this industry in making its strategies. It can help Apple not only increase its earnings but also successfully gain its loyal fans. Also, there is something that can be improved by Apple. The speed of launching a new type of product is much slower than their competitors which is a threat to Apple. Apple also deeply depends on its traditional models of iPhone and iPad and lacks enough innovation to attract new customers [7].

The purpose of this paper is to explore the market and product development by using the Ansoff Matrix model and its market strategies especially its strengths, weaknesses, opportunities, and threats by using SWOT analysis. In addition, the financial performance in different regions and the sales revenue from different products will be displayed to discuss its financial condition. Finally, there will be some advice for the loyal Apple users and the investors.

## 2. Apple's Ansoff Matrix and Market Strategies

### 2.1. Apple's Ansoff Matrix

The following Table 1 shows the Ansoff matrix analysis of Apple's strategies in two aspects which are market development and product development.

**Table 1.** Apple's Ansoff Matrix Analysis

		Product	
		Present	New
M A R K E T	Present	Market Penetration	Product development
	New	Market Development	Diversification

#### 2.1.1. Market penetration

Market penetration is defined as selling their current items to the existing markets to obtain more market shares. Apple in general runs approximately 518 physical stores in 25 countries which belongs to five main segmented areas as Americas, Europe, Greater China, Japan, and the Rest of the Asian Pacific [8]. Apple successfully found the best marketing approach to apply market penetration strategies Apple's iPhone is a good example to demonstrate this. The new release and improved version of the iPhone will be launched every year regularly. More and more advanced technology is used to produce it, for example, the clear camera, appealing sound, fast internet connection, and good chips for mobile phones, which are all the symbols of Apple's pricing and penetration strategies. Additionally, Apple advertises educational discounts and other new and fashionable colors are also a way to attract more customers and stimulate their sales of products.

### 2.1.2. Product development

This Strategy should contain developing new products and introducing them to its current market. The new products are released regularly every year which are welcomed by the market and become a hit in the market soon. This is the reason for Apple's main growth and can help Apple maintain its present status in the market. For example, Apple introduced iPod Shuffle to their current iPod users which is an optional device for their users. It is comfortable and light to wear which is suitable for people who prefer to go to the gym or outside hiking. Additionally, the Air pods and earphones are also exemplifying that Apple applied.

### 2.1.3. Market development

Market development encourages Apple to enter other new markets in which they have no foothold. Apple regarded Asia as their second largest market with a huge potential economic capacity which is attractive to them. Apple tries to adapt to the market environment in other countries. For instance, Apple only launched the iPhone with two SIM card slots for the Chinese market. Also, the cultural and political aspects will be taken into consideration by Apple when choosing the new market. However, although Apple spares its effort to explore the global market and expand worldwide, North and South America still is Apple's biggest market and source of profits.

### 2.1.4. Diversification

Diversification means introducing new products to new markets. This part can be divided into related and unrelated diversification. Firstly, the related diversification is to expand new markets inside the industry which is a way to control their market and reduce the risk from the outsiders. The services like iCloud to give users more storage in their devices is an example of this which is different from its current on-sale electronic devices, but it is interrelated with each other. Furthermore, unrelated diversification is a way to help Apple explore more resources available outside to gain potential profits. However, this method needs huge cash outflows and must face undetectable risks. For example, Apple tries to set up more factories overseas which use cheaper raw materials and labour force. At the same time, the costs and the complex processes will rise. In general, Apple adopts this strategy not very often and is less successful than the previous three.

## 2.2. Strategies Analysis

Apple is facing aggressive competition with its rivals (Table 2). Therefore, to know Apple's current position, it is significant for Apple to find out its potential strengths, weaknesses, opportunities, and threats by using SWOT analysis [9].

**Table 2.** SWOT Analysis

Strengths	Weaknesses
- Products with high quality and unique advantages	- Products and services with high prices
- High profits in the financial aspect	- Lack of creative products these years
Opportunities	Threats
- Enter potential high-tech markets	- Competition with inferior products
- Create new product lines by using its current technology	- Competition with other related industries

### 2.2.1. Strengths

Apple developed its brand using special technology and made its name connected with good quality and functional diversity. Additionally, Apple expanded its product range and committed itself to providing enjoyable services to its customers which attracted numerous loyal fans around the world. Apart from that, Apple generated approximately \$1 trillion which made Apple the first American company to achieve this goal. Their net income has been over about \$50 trillion since 2018 which may reflect that their marketing strategies are predictable and useful to help them have such excellent financial capability.

### 2.2.2. Weaknesses

Apple is known to provide high-quality products which will result in increasing costs in manufacturing. Therefore, Apple's products are always much more expensive than other competitors. More customers will choose to purchase the substitute computers and self-phones from their competitors which is like Apple's MacBook and iPhone but lower in price. Furthermore, their services such as iTunes and iCloud also charge a relatively higher price. It is thought that the recent versions of iPhone and iPad are similar in models which is also an obvious drawback to blame. People may have aesthetic fatigue by using products similar in appearance and Apple may lose their customer base.

### 2.2.3. Opportunities

Entering more high-tech areas such as virtual reality and augmented reality may help to attract more customers. These technologies can be applied to use in areas like education, entertainment, and even medication. Apple is a technology giant that has a more excellent research and development team than its competitors and if it develops this area successfully, it can strengthen its position in the market. Moreover, there were about 1.8 billion devices in use in 2023, Apple can enter other markets in different countries because of their influence in the world. China, India, and Russia can be their biggest target market. By using their famous logo image and recognition, it is easier for them to obtain the potential customer.

### 2.2.4. Threats

Because of Apple's well-known image, many illegal businesses try to imitate Apple's iPhone and iPad and sell at a lower price which can attract unwitting customers to buy. However, those businesses may use the inferior raw material which may provide a negative experience to customers and cause Apple's reputation damage. Additionally, another external threat that Apple should pay attention to is the competition from other companies in the same industry. Android systems from Samsung and Google and HarmonyOS. from Huawei may occupy Apple's market shares. Their products are much cheaper than Apple's but can provide similar or even better services than Apple.

## 3. Financial Performance

According to Apple's financial statements in these three years, Apple's sales revenue by region can be managed in Table 3 including data for the Americas, Europe, China, Japan, and the rest of Asia Pacific from 2021 to 2023 [10].

**Table 3.** Apple's sales revenue by region (\$billion)

Year	Americas	Europe	Greater China	Japan	Rest of Asia Pacific
2021	153.3	89.3	68.3	28.4	26.3
2022	169.6	95.1	74.2	25.9	29.3
2023	162.5	94.2	72.5	24.2	29.6

From Table 3, it is obvious that Apple was the most successful in the Americas which accounted for 42% about half of the total sales and even about 35% of the sales revenue in the Americas was from the US alone. Furthermore, Europe formed the second largest group which is at about 35% these years. This is followed by the Greater China areas with about 30% only slightly less than Europe. However, it is true that the areas of Japan and the rest of Asia Pacific only attributed a little to total revenue, accounting for approximately 15% respectively. This phenomenon may reflect that Apple suffered different risks and competition in different market environments. For example, in the Americas, especially the US, which is the origin and headquarters of Apple, it is easy for Apple to take a market leader position and the most customer base which can help Apple generate considerable profits and have an instant growth in these three years. In contrast, in other areas in Asia like Japan, the rivals of Apple like Samsung from South Korea and more electronics devices from Japan may obtain more market share from Apple which will lead to a relatively lower revenue.

Apple's different products also play a significant role in Apple's success, below Table 4 shows the total revenue of Apple's core products and services including iPhone, iPad, Mac book and other Apple services from 2021 to 2023.

**Table 4.** Total revenue of different products (\$billion)

Year	iPhone	iPad	Apple Service	Mac book
2021	242	31.8	68.4	35.1
2022	232.2	29.2	78	40
2023	231.3	28.2	85.1	29.2

It is obvious that iPhone generates the biggest number of profits for Apple and the revenue of the iPhone reached the top of the list in 2021 but faced a slight drop in the past two years. iPhone has always taken first place since its first type was released in 2007 and became the remarkable symbol of Apple. Furthermore, Apple services such as iCloud, iTunes, and Apple Music took second place which generated more profits than other products except iPhone. These services are considered convenient tools that people may use in their daily lives which will attract more and more attention from citizens. iPad and MacBook have some different characteristics from the iPhone which are durable devices that people may use for more than three years. Apart from that these two products may charge relatively higher prices than the iPhone especially the Mac book which individuals cannot afford to upgrade frequently. This will result in a relatively lower sale.

In conclusion, the Americas is the biggest market for Apple which generated the biggest profits, and the iPhone is the most profitable devices that attract most people to buy. Apple should use its current strengths and try to release a more creative version of Apple to maintain its position or even gain more market shares from other new markets.

#### 4. Implications

After exploring the previous two aspects of Apple Inc., some implications for Apple fans or competitors can be concluded. Why does Apple continuously take the lead place in this market? Firstly, the reason why Apple has continuously attracted customers over the years is the consistency that Apple tries to keep. The iPhone, iPad, Mac book and Air Pods are together constituting a big Apple ecosystem to keep the balance of the Apple products which may maintain the high quality of their devices and the unique experiences for customers. Furthermore, Apple focuses on the four main types of products as mentioned above and other products are the assistant of the main four. Apple always devotes itself to release upgrading the new versions for the main four types and the main market share is also gained from them. These focuses may help Apple spare no effort in developing the new technology that can be applied to their new versions. Finally, Apple's strong marketing strategies and advertising methods always be praised. It is obvious that Apple's advertisements are always free from vulgar taste and are not like the traditional ad styles. Apple's ads focus on highlighting the functions of their products to attract people rather than just promote the sales of the products. In this case, individuals may find it just like telling stories to you and may feel comfortable and delighted to know more about it.

The findings are just a summary of the previous analysis but are just the tip of the iceberg. It is without doubt that by continuing to practice these advantages, Apple may obtain sustainable development in the market.

#### 5. Conclusion

It is universally acknowledged that the competition in the market is severely fierce and the companies that can hold their lead place in the market are relatively rare, but Apple is one of them. In this paper, the Ansoff matrix model and SWOT analysis were adopted to validate Apple's Market

position, and product development along with the strengths, weaknesses, opportunities, and potential threats.

In addition, the financial performance of Apple indicates its current conditions and the implications that Apple brings to other competitors are its main consistency, and the focus on its main products and creative ads and marketing strategies. All these points contribute to Apple's success and reach such height in the market.

It is challenging to cover all the aspects of Apple's aspects in this paper, and more and more merits can be discovered in our daily lives when we get in touch with Apple's devices. However, the competence in the market cannot be ignored as fewer creative products that Apple releases nowadays may result in losing control of the market. Therefore, listening to the voice of customers and providing what customers need is the solution to this circumstance.

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