**INTRODUCTION**

This case contains a thorough description of Apple, Inc., a company that is highly regarded for its exceptional innovative abilities. The narrative is an account of Apple’s growth, which has been propelled in less than a decade by its revolutionary mark on the music industry and extraordinary product lineup. The case appraises Apple’s product design, relationships with suppliers and trade partners, competitive situation, and marketing prowess—highlighting Steve Jobs’ role throughout the company’s remarkable history.

The purpose of this case study is to examine the factors that are crucial to Apple’s continued success and to propose strategic measures to sustain its competitive advantage. Unrelenting environmental shifts and the shock of Jobs’ permanent departure from the company justify close scrutiny of Apple’s capabilities and how closely they have been linked with the company’s visionary leader.

The analysis should start with an examination of Apple’s complementary product strategy, how the strategy shapes innovation, and the partnerships/alliances needed to make it work. The general, industry, and competitive environments should then be scanned (as new conditions continue to evolve), along with the tools used by the company to support its business strategy. Finally, the pressing strategic concerns, the effectiveness of Apple’s strategy against industry rivals, and core competencies or competitive advantages that are at risk with a change in leadership should also be considered to devise convincing recommendations.

* Create a profile of Apple’s product portfolio, including performance measures and essential competitive considerations. What strategic implications does the profile uncover?
* Review the important elements of the company’s external and internal environments. Outline key factors in the SWOT analysis.
* Discuss the strategic challenges confronting Apple.
* How does Apple's strategy stand up against competitive rivalry in the industry?

**ANALYSIS**

* ***Create a profile of Apple’s product portfolio, including performance measures and essential competitive considerations. What strategic implications does the profile uncover?***

An understanding of Apple’s product portfolio begins with a breakdown of sales by product for the past two years. Sales for the two years are compared to calculate a growth rate by product, and each product’s share of Apple’s total sales is compared year-to-year to observe any trends. These figures are presented in the table below. They reveal that:

* Although desktop and portable computer sales represent a lower share of Apple’s total sales, they continue to grow at very healthy rates. Together, they exceed iPod sales.
* iPod products are Apple’s second-largest product line, but their share of Apple sales has fallen by 28% in the last year. At a rate of 9%, they have the weakest growth of any Apple device.
* iPhone is currently Apple’s money maker, constituting 39% of sales (up 8% in the past year) and growing at a rate of 93% last year (over $12 billion more than the previous year).
* iPads hit the market with a splash in 2010, generating sales of nearly $5 billion in their first year. Along with the iPhone, the iPad is gaining importance in Apple’s lineup (representing 8% of sales in its first year).
* No sales figures are provided for Apple TV.

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| --- | --- | --- | --- | --- | --- | --- |
| **Product Category** | **2009** | **% of Total** | **2010** | **% of Total** | **Change in Share** | **Growth** |
| Desktop | 4,324 | 10.1% | 6,201 | 9.5% | -5.7% | 43.4% |
| Portables | 9,535 | 22.2% | 11,278 | 17.3% | -22.2% | 18.3% |
| iPod and Other Related | 12,127 | 28.3% | 13,222 | 20.3% | -28.3% | 9.0% |
| iPhone and Other Related | 13,033 | 30.4% | 25,179 | 38.6% | 27.1% | 93.2% |
| iPad and Other Related | - | 0.0% | 4,958 | 7.6% | 7.6% | 4958.0% |
| Peripherals and Hardware | 1,475 | 3.4% | 1,814 | 2.8% | -19.1% | 23.0% |
| Software and Other Services | 2,411 | 5.6% | 2,573 | 3.9% | -29.8% | 6.7% |
| **Total** | **42,905** | **100.0%** | **65,225** | **100.0%** | **0.0%** | **52.0%** |

Competitive Analysis

*iPod* A wide variety of portable music devices is available in the market because not one universal style satisfies the entire range of consumer preferences. As the industry adds new features, variety of choice and product confusion continues to increase. Apple’s iPod device sales are dropping, but the company still sold 19 million units last year. The iPod Touch and Nano are the most popular versions in the iPod family. Apple is hoping to infuse new life into the product line by introducing a new “cloud streaming” service. iPod specifications that influence purchase decisions include battery technology and life, weight, price, storage, size, viewing screen, touch pad, control precision, wireless functionality, product type, flash memory installed, storage capacity, digital formats supported, resolution quality, software inclusion, and technological breakthroughs. Other competitive considerations are detailed below.

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| Content | **Issues** | **Device Competitors** |
| 13 million songs | Piracy concerns | Zune HD (32GB) |
| 5 major record labels  200 independent labels | Low margins  Supplier profitability | Sony X-Series Walkman  (4GB) |
| Reseller agreements | DRM-free formatting | SanDisk Sansa Clip+ (4GB) |

iTunes competes along the following dimensions: media compatibility, price (monthly subscription or per song/album), selection (content agreements), search and preview functions, content sources, encoding format/technology, quality, availability of downloadable materials, and other online features. Facts about iTunes competitors are outlined below.

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| --- | --- | --- |
| Competitors | **Offers** | **Notes** |
| Napster/Roxio | 12 million songs  Unlimited access  $5–10 per month | Compatibility |
| Kazaa/Atrinsic | Subscription  Unlimited play/download  Top 40; Pop | Littered software |
| Real Networks/ Rhapsody | 10 million songs  $10 per month  Music/game/video mix  Security software  Unique features | Compatibility  Competitive pricing  Joint venture with MTV  Price wars; battle for share  Harmony – format converter |
| Walmart | Various price points | Second to iPod  MP3 format |
| Amazon | 15 million songs  Download purchases | Android devices  “Cloud” storage service  US only |

The competitive rivalry in this arena is expected to intensify as competitors imitate Apple’s approach and tightly integrate their own offerings to appeal to consumers. Probably most threatening to the company's position are potential collaborations between competitors and content providers to offer integrated solutions that produce more value or exclude Apple from access to content.

*iPhone* The iPhone is Apple’s largest and fastest growing product line. 25 to 30 million units are forecast to be sold in 2011. The rate of growth exceeded smart phone market growth by 17%, but competition in the cell and smart phone markets is intense among several large, well-funded, and experienced rivals. The following competitive considerations have important strategic implications for Apple.

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| Apple iPhone | **Smart Phone Market** |
| Transformed cell phone industry | iPhone is benchmark for other smart phones |
| Growing at 87% | Market growing at 70% |
| Dominates smart phone market | Fierce competition |
| *Service Providers:*  Cingular (AT&T), Verizon,  and 166 carriers in 90 countries | Numerous contenders struggling for market  share |

Price sensitivity on the part of consumers is very strong. To gain an edge, competitor behavior is characterized by aggressive pricing practices, frequent product introductions, evolving design approaches and technologies, and rapid adoption of technological and product advancements.

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| Competitors | | | **Offers** | **Notes** |
| Motorola | New models  XT720; advanced features  40 countries  Android OS | | Former leader  Major facilities abroad  Behind in smart phone design  Mobile Devices segment recovering |
| RIM – Blackberry | Features for corporate consumers  New and appealing “fun” features  Torch – OS6 multimedia experience,  improved user interface/browser  Applications Store  170 countries | | Popular  Loyal fans  Torch falling short of expectations  Strong contender in smart phone  market  60% sales in US |
| HTC | Branded and Dopod (Asia)  3 products competing with iPhone  MS Windows and Android OS | | Strategic partners |

Apple and Blackberry dominate the mobile phone devices market. However, using both Android and Microsoft’s OS, HTC follows with a respectable 19% share. Google’s Android operating systems run more mobile phones than either Apple or Blackberry (see below). Other producers will undoubtedly attempt to imitate Apple’s appealing features and functional applications in order to create customer value and compete effectively with their own smart phones.

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| --- | --- | --- | --- |
| **Hardware** | **Operating System** | **OS Market Share** | **Device Market Share** |
| Apple | Apple iOS | 27% | 27% |
| Blackberry | Blackberry OS | 27% | 27% |
| HTC | Google’s Android | 29% | 12% |
| HTC | MS Mobile OS | 10% | 7% |
|  | PalmWeb OS | 4% |  |
|  | Nokia Symbian | 2% |  |

*iPad* Competitive factors that influence Apple’s strategy for the iPad are outlined below.

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| Apple iPad | **Tablet Market** | **Competitors** |
| Dominates the tablet  market | Fast growing | Motorola XOOM – only competitor in  the same league with iPad (Android) |
| Forecasting sales of 48  million units in 2011 | iPad expected to  dominate until 2015 | Samsung Galaxy (Android) – forecast  13.9 million unit sales |
| Selling in 26 countries |  |  |

*Apple TV* Apple entered the Video-On-Demand (VOD) market because it is such a lucrative business. Though the company intended to revolutionize the Internet video industry, the first version of Apple TV was unpopular, and the market introduced more management complexities and greater competitive challenges than Apple had experienced in the past.

Film distribution has exceedingly more platforms for reaching the audience, and multiple options had already emerged to deliver access to content through mail, downloading, rental, subscription, set-top box systems, and manufacturing-on-demand services. Powerful partnerships had already been formed, backed with substantial resources to pursue joint efforts. Even though Apple TV rentals are now available for all major movie studio and TV network content, studio executives are much more aggressive about protecting content rights. Unless agreements benefit their distribution objectives and maximize the life value of their releases, retaining content contracts for Apple TV will remain challenging. Apple's dominance and relative power in the music industry (as well as its history of grasping for full control) may build resistance among film producers who are sensitive to maintaining control over their own content.

Since it was first launched, Apple TV has been completely redesigned, and company executives are predicting a promising future for the device. Meanwhile, Apple faces the following competition in the VOD market.

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| --- | --- | --- | --- | --- |
| Competitors | **Offers** | **Notes** | | |
| Amazon Unbox | 90,000 movies/shows, etc. | | Incompatible  Promotes vendor device sales | | |
| Cinema Now | 10,000 movies/shows, etc.  PPV  $30 per month + hit rentals | | | Early entrant  Incompatible with Apple or non-MS  Internet explorers  #1 ranking 2010 for variety,  availability, and ease-of-use | |
| Disney/Hulu | Disney Studio library  Digital content distribution  services | | | Jobs is a major Disney shareholder | |
| Netflix | Rental and streaming  Value offering | | | 20 million subscribers; increased  during recession  Strong brand recognition and value  Agreements with PayTV channels and  networks  Investing heavily in streaming  Expanding internationally | |
| Walmart/Vudu | Value rental  More movies than VOD  providers  US only | | | Aiming for unprecedented access  “Cure All” – immediacy, affordability,  broad access/selection, and direct  delivery to the viewing device  Promotes vendor device sales | |
| Warner Brothers | New venue – Facebook  A la carte PPV rentals | | | To preserve value of content from  studios’ perspective  Enormous potential for other content  providers  Viewing difficulties | |

*Applications* Apple offers 350,000 apps to use with the iPod, iPad, and iPhone. It has recently introduced a radical new subscription plan for content-based apps, charging a 30% fee against content provider revenues for access to Apple’s customer base.

*International* Finally, a look at Apple’s distribution of sales across international markets is quite revealing. The figures below show that:

* Growth in America is significantly slower than overseas growth.
* Operating income is growing, but is growing at less than 1/10th the pace of Non-American operating income, which more than doubled in the last year.
* Asia is topping the field in sales growth, and operating income more than tripled there in 2010.

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| --- | --- | --- | --- | --- | --- | --- |
| Segment Performance | | | | | | |
| Region |  | **2009** | **% Total** | **2010** | **% Total** | **Growth** |
| Americas | Sales | 18,981 | 44.2% | 24,498 | 37.6% | 29.1% |
|  | Operating Income | 6,658 | 45.3% | 7,590 | 33.0% | 14.0% |
| Non-Americas | Sales | 17,268 | 40.2% | 30,929 | 47.4% | 79.1% |
|  | Operating Income | 6,357 | 43.3% | 13,017 | 56.7% | 104.8% |
| Europe | Sales | 11,810 | 27.5% | 18,692 | 28.7% | 58.3% |
|  | Operating Income | 4,296 | 29.2% | 7,524 | 32.8% | 75.1% |
| Japan | Sales | 2,279 | 5.3% | 3,981 | 6.1% | 74.7% |
|  | Operating Income | 961 | 6.5% | 1,846 | 8.0% | 92.1% |
| Asia | Sales | 3,179 | 7.4% | 8,256 | 12.7% | 159.7% |
|  | Operating Income | 1,100 | 7.5% | 3,647 | 15.9% | 231.5% |
| Retail | Sales | 6,656 | 15.5% | 9,798 | 15.0% | 47.2% |
|  | Operating Income | 1,677 | 11.4% | 2,364 | 10.3% | 41.0% |
| Total | Sales | 42,905 | 100.0% | 65,225 | 100.0% | 52.0% |
|  | Operating Income | 14,692 | 100.0% | 22,971 | 100.0% | 56.4% |

A close look at Apple's competitive situation reveals that the company is confronted by aggressive competition in all areas of its business. The markets for consumer electronics, personal computers, related software and peripheral products, digital music devices and related services, and mobile communication devices are intensely competitive. They are characterized by rapid technological advancements that have substantially increased the capabilities and use of PCs, digital electronics, and mobile communication devices across the entire population. As a result, a variety of new products with competitive prices, features, and performance characteristics are being continually introduced into the marketplace. And over the past several years, price competition in Apple's main product markets has been particularly zealous.

Given the attractiveness of these markets, new competitors are likely to continue to enter because of low entry barriers. The primary barrier is capital, and even that is not high enough to discourage organizations with available resources. And the speed with which information about new technology spreads enables start-ups to gain legitimacy in the industry very quickly.

To summarize the competitive analysis, a multitude of existing and new competitors is poised to battle for market share and requires continuous attention from Apple’s leaders.

* ***Review the important elements of the company’s external and internal environments. Outline key factors in the SWOT analysis.***

One of the most important stages of the strategic management process is the situation analysis, which involves an in-depth assessment of forces in the external and internal environments that can impact the success of the company's strategy over time. A concise summary of the complete situation analysis is provided in the SWOT table below.

|  |  |
| --- | --- |
| **Strengths** | **Weaknesses** |
| Innovation | Global Sales |
| * Features and Technologies | Apple TV |
| * Stream of Next Generation/New Releases | Dependence on Jobs’ Strategic Leadership\* |
| * New Product Development * Speed to Market | Uncertainty of Maintaining Competitive  Advantages |
| * Market Responsiveness | **Opportunities** |
| Product Portfolio | International Growth and Expansion |
| * Suite of Products – Range of Applications | Emerging Trends |
| * Complementary Product Offerings | Revolutionary Content Distribution Systems |
| * Strong Value Proposition | Retail Store Novelties and Development |
| * Performance Features – Quality, Ease of Use | New Product and Market Innovations |
| * Clear Differentiation | Product Line Extensions |
| Strategic Alliances – Valuable Partnerships   * Extensive Content | New Features   * Customization |
| Marketing | **Threats** |
| * Product Design | Changing Entertainment Industry |
| * Advertising | * New Competitors |
| * Brand Management | Unforeseen Changes in Technology |
| * Retail Stores | Competitor Discovery of “Next Big Thing” |
| Financial Power | Facebook – 500 Million Active Users |
| * Market Capitalization * Profit | Mass Appeal Dilutes Brand Value or Loyalty  of Apple’s Traditional Customer Base |
| * Cash | New Industry Collaborations |
| * No Debt | Pricing Pressures |
| Loyal Customer Base | * Product Maturity |
|  | * Increasing Competition |
|  | * Product Substitutes |

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| --- |
| \*Strategic Leadership Capabilities Jobs Contributed to the Organization |
| * Negotiating Prowess - Vision |
| * Public/Media Relations - Personality |
| * Public Face and Brand Champion |

* ***Discuss the strategic challenges confronting Apple.***

Competition and the pace of technological change are the most critical issues facing Apple. Its strategic moves into mobile communication devices and portable entertainment downloading places the company in stiff competitive environments from multiple directions. New competitors, low-priced rivals, and potential substitute products all threaten to reduce the perceived value of Apple products and the success of its strategy. Though the company enjoys first mover status in most of its markets, the pressure to move quickly is intense. For instance, iPod’s competitors released their new products less than a year after the newest iPod models.

Apple is also challenged to maintain its core competencies (marketing, innovation, relationship building, and brand management) as it manages a broader range of products and markets. Its customer base is now more diverse, and new sets of competitors have a wider variety of strengths and strategies. The technology and entertainment industries are constantly and rapidly changing. It is uncertain whether Apple will be able to sustain its brand’s reputation for innovative design, continually release technological breakthroughs, and launch products that will “hit the consumer mark.” In addition, the company’s suite of products is no longer based on its internally developed hardware and software, but depends on the ability to secure media content, which has its own competitive forces, dimensions of entertainment value, and proprietary issues.

With Apple’s success and growth, balancing stakeholder demands has become increasingly difficult. Managing the sometimes conflicting expectations of customers, investors, suppliers, partners, legal/governmental entities, and other stakeholders puts an increasing amount of pressure on Apple's management team. And the loss of Jobs’ charisma, vision, and public communication and relationship-building skills puts Apple at risk without a reliable succession plan and a known pool of equally talented brand champions.

Apple’s continued success lies in careful and thoughtful strategic management of these complex issues and challenges.

* ***How does Apple's strategy stand up against competitive rivalry in the industry?***

Apple’s business strategy leverages the company's unique ability to internally design and develop operating systems, hardware, application software, and services to deliver superior new products and solutions that are differentiated by their power, features, ease-of-use, seamless integration, and innovative industrial design. Marketing begins with simple and aesthetic product design, which generates viral customer interest in Apple products. In an industry of low profit margins and cost cutting, Apple focuses on revealing radical concepts and appealing designs to make its products different. Its differentiation increases brand loyalty and reduces price sensitivity.

While competitors seek to imitate Apple's successful products and innovative complementary product relationships (where content distribution drives device sales), Apple continues to introduce ground-breaking new products, timed perfectly to achieve first mover advantages. The company continually re-invents itself to enter new product categories and avoid price competition in maturing product markets. Identifying emerging trends and exploiting the advantages of early market penetration has been fundamental to Apple's revolutionary success. The company seeks to change the way people behave rather than just competing in the marketplace for traditional products or with incremental innovations. It believes in making something great that everyone will want to use. It believes in designing and producing the absolute best products. Product refinement and development now aim to capitalize on the convergence of PCs, digital consumer electronics, and mobile communications.

Using the company’s core competencies in different product markets (employing a mulitproduct strategy) decreases Apple’s dependence on revenues from a single market. Related diversification allows the company to share resources, activities, and technologies across product lines, and the transfer of skills and intangible core competencies can build a competitive advantage that is difficult for rivals to emulate.

Apple’s valued supply chain relationships, reseller agreements, carrier and media content contracts, innovative co-branding arrangements, and subscription plans play a critical role in supporting the company's differentiation strategy, powerfully linking the success of strategic partners together. The company’s strategic alliances have provided an effective avenue for gaining sizeable market share. Also, affiliations with other strong brand names serve to increase Apple’s marketing exposure and build consumer confidence.

Apple’s strategy also involves the pursuit of opportunities to create demand for its products in the global market. In today's business environment, it is common to expand into international markets when domestic markets mature and commodity pricing tactics infiltrate the industry. The impact of downward pressure on prices can be minimized when alternative markets are discovered. For high-tech products like the iPhone, immediate success can be found in many different cultures and societies. Additionally, operating and selling beyond the home market can enhance the company's ability to compete with major rivals and to bring knowledge into the organization to expand its pool of innovative ideas.

From PCs to iPads, Apple products define their markets. The company’s strategy has generated extraordinary growth in revenues and earnings, even during difficult economic times.

**STRATEGY**

Apple is faced with the daunting task of sustaining its competitive advantage and outstanding performance levels in the face of increased competition, price erosion, rapidly shifting business environments, and the loss of the company’s visionary leader. Apple will undoubtedly continue to survive (perhaps even thrive), but the company may never match its current and past successes.

While some of Jobs’ traits can be built into the processes and culture of the organization (such as focus, determination, tenacity, and resilience), his unique combination of ingenuity, design instinct, persuasiveness, rhetorical charisma, and ability to persuade, motivate, and inspire is literally irreplaceable. He is singularly responsible for the strategic direction of the company. With his loss, the company will suffer. The question is how quickly and by how much?

Apple’s capabilities will be weakened by Jobs’ permanent absence. Suggestions to minimize the impact of his loss on the organization and to defend the company against competitive pressures are discussed below.

*Vision* Apple’s ability to compete successfully is heavily dependent on a continual and timely flow of competitive products, services, and technologies to the marketplace. First mover advantages are vulnerable to the fast pace of technological change. The company’s innovativeness and ability to visualize appealing new products have been closely tied to Jobs’ vision. Without his capacity to identify new ways to integrate electronic devices and change the way they are used in customers’ daily lives, the chances of miscalculation or failure to discover commercially viable new innovations go up. Consequently, Apple needs its finger on the pulse of the consumer to detect the next revolutionary IT trend.

One way to enhance Apple’s understanding and discovery of potential revolutionary products is to create a setting at its Retail Stores for the exchange of information amongst enthusiasts. The success of Apple’s Retail Stores presents the company with a unique opportunity to “know” its customers’ needs and expectations. It can establish a valuable forum to float new concepts, inspire idea generation, and arouse interest.

*Alliances* Apple’s strategy depends on access to valuable media content and unique connectivity services. Jobs’ negotiation skills and critical industry relationships have carried the company in the past, but without him to convince partners of the value of cooperative arrangements and to nurture ongoing relationships, a substantially negative impact on Apple’s success can be expected.

With or without Jobs’ involvement, the company ignores the motivation and power of its content providers to its own detriment. Warner Brothers’ exploration of using Facebook to distribute media content demonstrates the danger of partners who seek more appealing solutions. By setting terms that are too painful, content providers are induced to search for alternative delivery methods. Turning to Facebook, Warner Brothers has found one that is more powerful (with 500 million members) and more reasonable than Apple. And an enormous threat to the value of Apple’s customer base has been exposed.

It is perpetually important for Apple to recognize the needs and objectives of its strategic allies, especially the interests of content providers. If they are disadvantaged by the terms of their relationships with Apple, they will seek other, more palatable, solutions.

Seeking ways that the power of Apple’s market share and brand name can benefit its partners and protect their business interests will demonstrate that relationship terms can offer mutual value for all parties and benefit the industry as a whole. The company needs partners who are as motivated and engaged in Apple’s success as its internal stakeholders.

*Product Portfolio* Apple’s sales are surging, but so is competition. As markets begin to mature and competitors gain ground, it will be increasingly difficult to stay on top of all market segments. To outmaneuver rivals in each segment, the company needs to maintain focus, manage its product lives, and maximize the effectiveness of its product strategy. The analysis performed earlier took a comprehensive look at the important considerations surrounding Apple’s distinct product mix and revealed the need for the following measures.

* The iPhone and iPad are currently the engines of company growth. The smart phone industry is teeming with competition. Continual development is necessary to stay ahead of the pack, and Apple cannot stand still in this market. Google’s Android is the most popular operating system for mobile phones, and the company needs to understand its allure to protect its own edge in the marketplace. In the tablet segment, Apple really stands out. The company should reconsider pricing for the iPad tablet, which is inconsistent with its premium pricing strategy for its other products, to correspond to the value it offers consumers.
* The iPod remains wildly popular, but Apple’s sales growth for this segment is slipping. The company needs to decide how to manage and market the device in light of its maturing life status. Apple has been able to maintain the vitality of the computer and laptop segment despite their maturity. Using this experience, the company can develop a plan to maximize the value and success of the iPod line. In addition to the expected benefits from the new cloud streaming service, the company can seek new uses, new users, and new opportunities to increase international sales for this iconic American product.
* Apple TV is a bit of an enigma in the Apple product lineup and raises questions about how the company will handle an unsuccessful bid for a share in the VOD market. Claims of its promising future are not convincing. Apple is not this market’s key innovator, forerunner, or powerhouse. The product has not been a success by Apple’s own standards—has not become an instrument that changes the way entertainment is acquired and viewed. Other contenders are even gaining international exposure while Apple has been redesigning its device. The company's ability to successfully apply its complementary iPod/iTunes model to dominate this competitive field is becoming less likely, as other company’s carve out their positions and studios exercise influence over the direction of the industry. This industry is not structured as simply as the music industry, and relationships with key content providers are absolutely essential to gaining any competitive edge.

*Marketing* The contribution that Jobs’ communication skills and salesmanship lent to marketing Apple products will be missed. He was effectively the “face” of the brand. Though there are many bright marketing minds that can fill the vacuum of Jobs’ absence, his sensitivity to style and the Apple consumer will be difficult to duplicate.

Additionally, the company needs to safeguard its counter-cultural appeal while boosting its mass appeal. Selling a broader range of products to mainstream customers requires a different marketing strategy for a more diverse customer base. (If the company wants to sell products that everyone wants and wants to sell them to everyone, then exclusivity is going to be compromised.) To balance these conflicting objectives, Apple should stratify its marketing efforts by product line. Retail stores and umbrella Apple brand marketing can be designed for active (maybe cultish) users of Apple products and can build a “cool” image. (Even the masses want to feel special and can be moved by an anti-establishment message—the key is to foster brand loyalty.) Meanwhile, mass marketing can be designed to achieve distinct product objectives. For instance, iPod needs to increase sales, the iPhone needs to stand apart from other smart phones, and the iPad needs to educate new users about its functional uses.

*Fiscal Strength* Apple’s financial power has come with its success. Some ways to preserve the company’s strong financial standing include vigilant management of costs (to maintain pricing flexibility and improve competitive position relative to low-priced competitors), growth outside the US (where operating income can be maximized), and continued introduction of products with mass appeal.

*Figurehead* Finally, Jobs’ involvement in the organization has had a powerful influence on employee morale. His presence fostered a comforting sense of stability and control. Perhaps the greatest impact on Apple with his loss will be the perception that the company is doomed. It has been said that Jobs was adept at convincing anyone of practically anything (including himself). Now that he is gone, it will be essential that the company’s new leaders recall his powers of inspiration and persuasion to ignite the imagination of the members of Apple’s workforce, convincing them of their ability to carry the company forward.