

Apple Computer

by Charles W.L. Hills

Apple I, which was created in Steve Job's garage in 1976, had several limitations to become a huge success and wasn't very impressive to attract big names into the business. When improved version of it, Apple II, was introduced in 1978, it proved that that was the time for big guys to jump into this new born, ready to exploit market. However, while others were creating marketing strategies to take place in this business; Apple Computer, who planted the seeds of PC industry, couldn't take the advantage of being the first in using the innovation. The wrong strategic decisions made by management, aggressive and unattainable demands from Steve Jobs, too many production facilities and wrong demand predictions made the company bleed until the era of iPod.

IBM, the world's largest computer company, was the first big name jumped into the industry. It allocated significant effort and budget to develop a better PC. And IBM had something that Apple lacked; an ability to sell corporate America. After IBM got into the picture, the PC industry changed forever. First, the independent software developers started to write programs to run on IBM PC. And second, it gave birth to clone manufacturers who made IBM compatible PCs that also utilized an Intel microprocessor and Microsoft's MS DOS operating system.

When Apple introduced Macintosh in 1984 as a response to growing and rapidly changing PC demands, it started its golden era. Apple, with its capability of using innovation, was the most profitable PC manufacturer in the world during the years between 1986 and 1991. But it didn't last too long. The two successor CEOs, Spindler and Amelio, were engineers without marketing experience and they made Apple lost its focus

and brand value by making wrong strategic decisions. And besides, Apple was never very good at very high volume manufacturing at very low costs.

After being CEO for the second time, Steve Jobs' first move became making the company highly focused again. He reduced the huge number of product lines to only four. By reducing the number he basically re-organized the operations and focused on a very small number of products. The early success of the sleekly designed iMac, the shining marketing in 1998 and 1999, and the streamlined cost structure allowed Apple to generate cash very quickly. He also brought back the brand value that had been gone under Spindler's and Amelio's management. And last but not least, Apple created a new non-Macintosh product category (iPod) that had a promise.

When it first introduced iPod was not PC compatible and again it was targeting a niche market. Soon Steve Jobs realized the opportunity of a world wide market and asked his engineers to make the iPod PC compatible. It was the best move before being a world success. And it kept up making profit by initiating the legal download system (iTunes) to avoid piracy, which was the biggest problem in music industry

Even though it seems like Apple lost the OS war to Microsoft, it still has three critical advantages to go after over other computer manufacturers in the industry. First of all, Apple created a strong and widely recognized brand. Secondly, the Apple products' design is perceived as the best, and third, they have the capability to deliver the applications in the digital home space.

The alternative standards and products are inevitable and they will be created by other big names such as Microsoft, Dell, and others. If Apple doesn't open itself up and make sure that it becomes the dominant standard, it could end up becoming the niche product again that makes it a little bit less attractive for users.