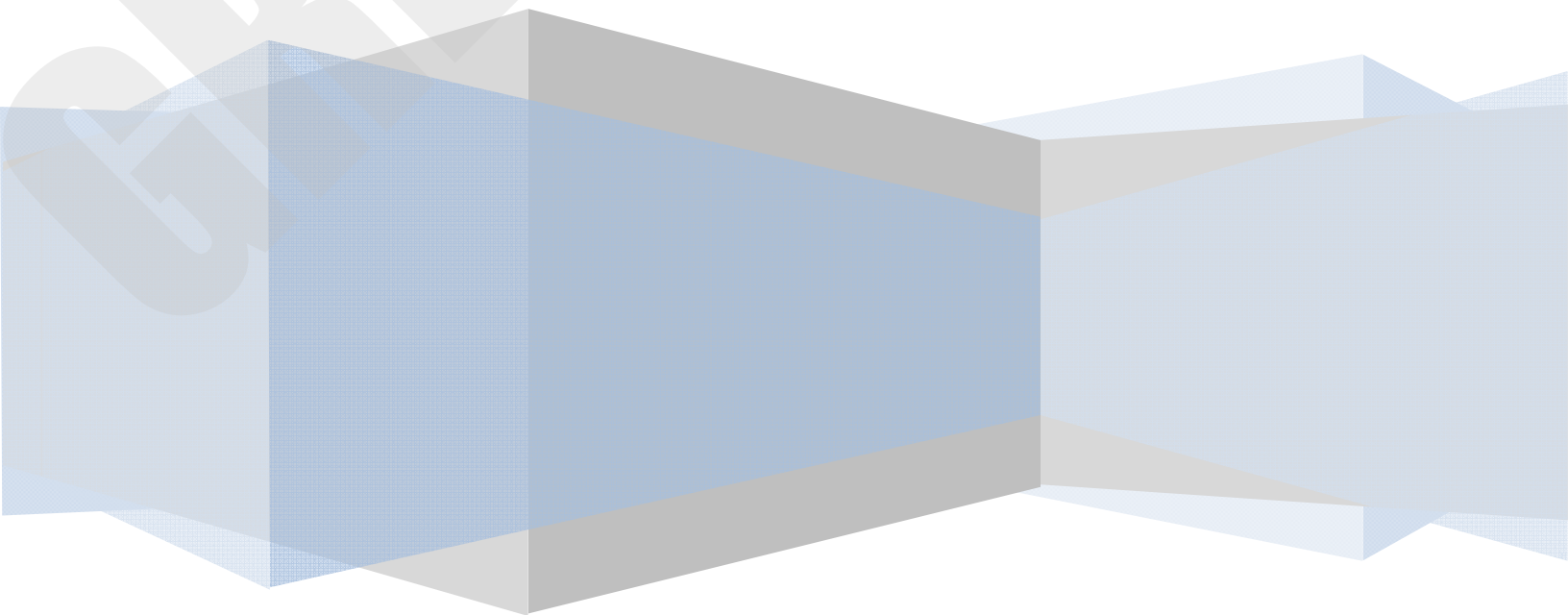


Notebook Computer Industry



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Notebook Computer Industry:

A couple of decades back who would have thought the intense competition in “Notebook Computer Industry”. But what we see now is a market on wheels. The players are playing hard and fast to grab the most of the offering. The race has come to a point where companies are competing more on price differentiation than product differentiation. The big names namely include Dell, HP, Apple, Acer, IBM, Sony, Asus and Lenovo and numerous other regional manufacturers and providers in different part of the world.

Highlighting Apple from the above given names, we can say that the brand plays with a unique strategy of posing as a high end product with premium pricing and due to its expert marketing the brand has a ‘positioning strategy’ tech-giants envy.

Brand:

Apple is no more a mere fruit with a juicy pulp, but a brand that is an attitude, a status. It’s a name that exudes an aura of innovation, quality and being different. While Apple competitors have been operating to acquire the maximum market, Apple has been fine tuning the brand name with every hit stroke. Now it is on the lead in Music Player segment, Notebook market as well as Mobile phone industry with the launch of iPhone.

Goals:

The way Apple operates in the market is synonymous to living on the edge. The strategy is all about bringing out hypothetical into tangible no matter what the costs and hurdles are. The goal is to raise the living standards of the customers and add to their lives a product that evokes innovation. Apple relies on complete focus on particular launch. Not stacking one product over the other has helped establishing every single product they bring into the market. The sustenance into the customers’ lives has been made possible by ensuring the upgraded and modified versions

to accommodate the lifestyles. Every product includes a percentage of servicing that needs to be delivered with acute professionalism. This aspect of the brand plays the most scoring shots for the company's profitability. The presence of Apple surrounds its customers with sheer precision; neither far nor crowding. The accessibility, concreteness and sleek culture of product offering have energized the brand for all the market segments they are operating in.

Demand:

As discussed later as well, Apple is not a brand bound of territorial preferences. It has a community that owns, portrays and respects the Apple way of doing things. Evaluating the brands strengths and calling forth the reasons for the product demand, the best scale seems to be the psychographic measurement of the customer group. Various discussions and reports have explained that the brand has a status of its own that inspires the rest to be a part of the existing community and enjoy a position amongst the Innovators.

In addition to that, advertisements, blogs and a number of external sources have linked Apple being a brand for youth. DeeDee Gordon, co-president of Look Look, a youth marketing and research firm in Los Angeles "Apple is one of the top five brands for young people." And another statement goes as "The iMac was (Apple's) entrée into youth culture. It took them to a whole other place in youth culture." It explored an opportunity and exploited it as a skilled entrepreneur. The brand has established a "Cool" image with the initiative of its iPods, iPhones and similar gadgets. "Thanks to the iPod, the iTunes Music Store and the PowerMac G5, Apple is one of the hottest companies in youth culture, say so-called "cool hunters," researchers who track buying trends among young people." ('Cool Hunters' Like Apple's Shine, Leander Kahney, 2003)

Currently the brand has been largely used by the professional section of the total population. But as the reviews explain above, a huge potential lies in the demographics of the youth population.

Servicing this segment with a comparatively lower expendable bracket can attain a lasting group of customers following the brand.

Environmental Trends:

Analyzing the environment for this lucrative industry, we can use porter's five forces model and explain the five segments in terms of their power over the other.

Competition:

Technology industry is one of the most competitive industries in terms of computing devices with Apple as the most differentiated brand with its very distinctive product offerings. Yahoo Finance list DELL, Hewlett Packard and Microsoft as its direct competitors with Apple having the highest quarterly revenue growth at 48.6% and at second in market capitalization at \$245.23 billion. (Yahoo Finance, 30th April, 2010)

Despite the fact that Apple has a stronghold in the notebook market, thanks to Steve Jobs and his elusive yet influential strategy in the media, the competition is still worrisome. With a huge market still glued to their desktops it's a tough competition for Apple from other companies. In addition to that, we can never overlook the price factor. A huge population is still in a bracket where it is suitable to buy other brands. Fighting off such brands offer a tough exercise. Players like DELL, Toshiba and Acer with their low priced numerous product variants has penetrated in a way that it's not as unthinkable to own a notebook pc as the rumors may make one believe. HP has its own loyal segment that tends to stick to the brand. Vaio is what one can term as the luxury ride with a much defined customer set and enjoying its high positioning.

Lately the brands that have accumulated 60% of the total market share include HP, Dell, Acer, Lenovo and Toshiba. Apple is rapidly following the ladder upwards behind these in top ten laptop brands. The competition has taken a personal shade towards Apple as the entirely

different system of the brand with its own Macintosh operation systems. The categories have been split in two namely “Wintel” computers and “Apple” computers. Except for Apple other brands have Windows as their operating systems mainly justifying the connotation “wintel”. Microsoft has been the dominating figure in the industry in terms of the operating systems for PCs for as long as one can trace back the introduction of PCs. The tools that Microsoft provides us are so much a routine that if stripped off them, we would be clueless. Apple on the other hand is more of a community of people with a different taste. Technology has shrunk the appliances to fit in the minimum space and Mac has gone a step further with its *Thinnovation* campaign. A Mac is a symbol of cutting edge technology and advancement coloring today’s man’s life (Nicci Ainuu, Professor Sullivan, 2009). The launch of this perspective positioned the brand in an arena unexplored which is now followed by the PC competitors. According the figures taken in 2008 HP is the market leader with 18.9% followed by Dell with 15.5% of the market. These two brands focus more on the computing machines being used at households with more generic purposes and features needed. (Shah and Dalal, 2009)

Suppliers:

Suppliers for the notebook computer manufacturers including the hardware provider used for the making, processors and hard drives, are limited restricting the choice for the companies to have a stronger position in a bargain. This is because of the fact that these products do not have any particular brand positioning to set them off. And this industry operates very competitively with the lowest bidder winning the client over. For example for processors, intel, AMD and ASUSTek processors are competing to gain in terms of the notebook producers. (Shah and Dalal, 2009)

MACs had been Intel accessorized which now changed to Nvidia by Apple to make their PCs work even faster. This surely effects the Apple-Intel relationship. Along with that, HP brought

out a Core i7 Processor fitted netbook while Apple has been unable to get it. (Seth Weintraub, 2010)

Customers:

A huge chunk of the clientele for the players in this industry comes from the corporate and business sector swiveling the companies more about these big names. This strengthens the power of the customers while purchasing. In addition to that, the customer preferences and trends toward mobility have also directed a structure supportive to the customer. For example DELL moved to brick-and-mortar stores to accommodate its customers' needs. Seeing the demand for carrying the notebooks set off a pattern for the players for developing "netbooks" and "electronic readers" that function as a small PC, almost all the industry players have brought out something to add in the existing market portfolio. Such as, ASUSTek's introduction of the Eee Pad 121 is an absolute competitive push against iPad by Apple. (Asus releases The Eee Pad 121 Tablet PC, 2010)

New Entrants:

This part of the discussion does direct the thoughts into two different dimensions. One, that this being a technology industry needs higher R&D expenditure than in any other industry. Thus, making barrier to entry in terms of capital support. On the contrary, the entrepreneurial spirit and innovative ideas has participated in the industry more often than not. So it would not be entirely true if we blame the financial lacking as the barrier for new entrants and forgetting about the factor where there still is an opportunity.

Substitutes:

A threat, that is. With smartphones such as Blackberries and iPhones all the rage with numerous features that over ride the need of a PC, its difficult for the companies to ignore the shifting wave. Apple is always on the go for innovation, then others following the steps, raising the

question, would notebook computer industry be left dwindling? Seems that is a significant possibility.

Features:

With standardization as the rule, its not much in the packages of the various brands offerings. In fact almost all of them cover most of the features available in the other. To build their competitive edge, companies are focusing more on designs and customer experiences. They are relying on the sleekness and finesse of the product they design and the user experience of it.

The numerous sizes accommodating the list of customers asking for these sizes is more of an aspect of mass customization to suit the customers and is available in most of the brands. But then there lies the difference in what the product looks and feels to the eyes. Apple with its aluminum sheen outshines most of the lookers. HP's elegant plastic makeovers are sights to behold and praise. Dell gives you a funky plastic bodied gadget that is user friendly and relaxing. The Taiwanese have worked themselves hard and introduced the substitutes for laptops, netbooks. With this addition to the palette the designs have become more complex to fit all the computing stuff in that little machine. Vaio stands in a more premium sector with its recognized premium features and high end personality (Clarkson, 2010).

Demand Trends:

The switch from the desktop computers to notebook computers has been justifiable to Moore's law stating that in future the information will increase in doubled speed and it will be easier to store the information with decreased sizes of storage spaces. Thus, the shift towards laptops to netbooks to iPads and EePads. The intense mobility of people in their routine work has aided the industry to take this step to introduce gadgets and computing machines to assist the need.

These days people want to own and carry a laptop or computing gadget that sets his/her personality off of others and add an attitude to their lives. Information is not the only thing and the need to store it in the best place and process the information. The companies are bringing out laptop series with unique designs on them to attract various market segments. The ranges of colors the companies are offering are also up to the client's requirement. Be it Dell's Studio XPS series or flashy VAIO NW series.

Brand positioning:

All the brands have a very unique and its own way o position itself in the customers' mind. Starting off with Apple, the brand is positioned for the people who have the tendency and strength enough to stand out innovatively and outshines the ordinary. MAC is not a mere laptop, it is an attitude that can only be achieved with a set of features and individual standing that is Apple. Then talking about the players such as Dell, Acer, HP and Toshiba which focus on the pricing strategies it can be concluded that they are more into gaining market share with cheaper products, though good ones. HP covers almost all of the ranges and customer demands in different categories of laptops. Acer is one of the cheapest brands in terms of price and is very user friendly.

Apple Market Positioning:

Without a strategic positioning of the company and its products market its hard to say if the survival would be entirely possible. Due to the hot competition in the notebook industry, specifically the ever increasing market players' dilemma, retaining customers calls for hefty measures. Apple, in such a situation boasts of a marketing and branding strategy that has singled itself from all the other generic players in the market. Where on one hand majority companies try

diversification in terms of product portfolios, Apple depends on limited number of offerings and but with the best of the entire purchasing process. All Apple do is put the right force and information regarding a product in the market at the right time through right people. The connection this exercise builds is promising for financial and market share pursuits.

Giving a revolutionary start to the home PCs, Apple penetrated in the market with its iPods and desktops. Then by launching its notebook, it gained the attention of creative professionals as well as created a further attraction for the iPod customers. The youth, students, uplifted the Macbook's positioning in the market. The education segment of Apple's targeted population has increased and Apple is currently enjoying more than 39% of it, surpassing DELL.

(The Apple Blog, 2008)

“The iPod is to music players what Kleenex is to tissue or Xerox is to copiers.” (Fortune, 2008).

This statement explains how a single product have landed the innovation giant into one of the most lucrative markets with captivating the youth and music lovers then further providing them with more evolutionary products.

The innovative entrepreneurship of the “Apple guy”, Steve Jobs, has led the firm to adopt his innovative leadership and profit along the way. Apple's strategy is to offer computing services and machines that are beyond traditional instruments, instead it's a temptation to stand out and bring about an attitude.

Distribution strategy:

Its own store format is one of the leading success factors for Apple. Online sales have flourished always. “In a survey of 23,400 online users conducted by ForeSee Results, based on the American Customer Satisfaction Index, Apple ranked first place among online computer and electronics retailers and fourth place overall.”(Appleinsider, 2010)

Apple has announced that some select retailers will be selling iPad. But nothing final on that note has been seen. (Charles Starett, 2010)

Pricing:

The brand is highly priced as being a premium brand in the market. Comparing to the others it is priced way high. But keeping in mind what is being offered when a Mac or iGadget is bought, its justified to price the product thus.

Promotion:

No item reaches its desired consumer group without appropriate promotional activities. Apple just does it with an attitude that radiates an aura that is inspirational and influencing for the others to follow their peers' stead. The word of mouth is considered the most persuading factor. Then the relation the identity of Apple Icon, Steve Jobs, has with the products directs the innovators and risk takers to come forth and try out what is being presented.

Strategic Recommendations

Apple has proved itself to be a brand that stands out with its unique features, interface and design. The success has been more than evident in all the areas, financial, customer service and competition. But as the proverb goes, there is always room for improvement, which is what the industries are working on with their well laden R&D departments.

Firstly, Apple needs to shed off the critiques upon its name regarding Child Labor and maintain its position with efficient corporate culture. Secondly, Apple's excessive concerns about the copyrights of its iPhone applications are effecting the image by labeling the brand as being irritating.

Although, the Apple smartphone has been more than warmly accepted by the loyal customers and the captivated potential customers, the drawbacks are rising up. If the company does not bring about the modifications, it might lose on the profits.

The World Wide Web is the major source of connecting the entire world to the company at one point. While looking for information regarding Apple's mission statement and legacy, the website did not provide the requested and looked for information. Apple.com needs to be an instant connection between across the borders customers from inside out, history to today and further tomorrow.

Defining the market also needs to be worked upon. Where Apple says that it is for the masses, the audience sees it to be more centered towards youth and rich people.

Though iPad has taken the market by a crush, Apple should not overlook the increased competition. Working with maximum media hype is not sufficient for them, despite the evidence that it has worked hugely for Apple but it also tend to diminish the value over time as the product is considered more commercial than comfortably homely.

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