

Managerial Economics

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[Subject]

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Task 1

Selection of the Organization that has taken a decision and reported in BBC

Recently, Apple Inc has been highlighted in the BBC news about the technical problem that most of its customers have been facing. The customers of Apple Inc experienced that their iPhone performance has deliberately slowed down. This issue has been highlighted in most of the aged iPhones or old model iPhones. The report was highlighted last year in the month of December. According to a report of Chris Foxx (2017), Apple has revealed and confirmed that they deliberately slowed down the speed of the old models of iPhone due to the requirement of latest technological advancement. However, this portrayed a bad image and scandalous to most of the iPhone users.

Apple is a known IT based company that deals in selling the products and services such as Macbook, IOS, iPhone, iWatch etc. Apple has captured huge market share in the world. According to the report, Apple has apologized for not communicating about slowing down the speed of its old models to their loyal customers. Apple claimed that they did this because they wanted to elongate the life of their customer's devices. Apple has defended that the need of customers is to use the Apple device for a long time and can reduce the battery performance of their old iPhones. In result, they slow down the performance of the Apple IOS system in order to increase the life of their devices. The decision was taken by upper management after receiving the feedback from their customers regarding battery timing and Apple iPhone's old model performance.

Task 2

Product and target market of the selected firm

Almost all the product of Apple has gained a huge market share that allows the user to consider them as a brand. In the year 2007, Apple has introduced a smartphone with the name of iPhone. This product has gained great importance in the market and every people in the world want to relish the features of this smartphone. Nowadays, the profitability of Apple is depending on selling the iPhone at the global level. In the last few years, the competition of manufacturing the smartphone has raised and new organizations have entered the market with a great potential.

Usually, the target market of the Apple is the individual belonging to different ages and culture. But now, Apple is seeking to sell their product to the organizations and different agencies. Multiple potential competitors such as Samsung, Motorola, HTC, Huawei and Oppo are come up with an innovative idea and gain the attention of the customers to capture the market share.

Apple has gained the attention of the market and customers by providing high-quality products that encourage them towards inventing a new technological product. Apple has released various models as an iPhone and gained a huge market share and profit that enhance the reputation of iPhone.

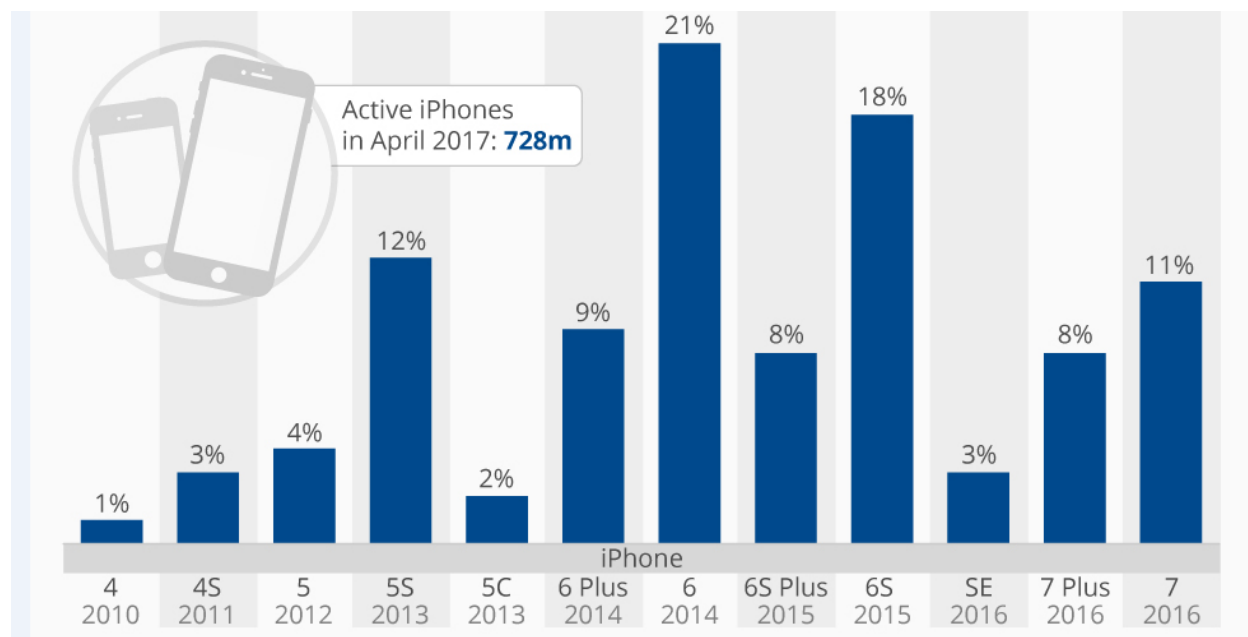


Figure 1: Break down of Apple iPhone models in terms of market share (Source: Statista, 2018)

The issue that is highlighted in BBC news is the distressing situation for the loyal customers of Apple. As seen in above graph, that market share of Apple iPhone is high and most of the consumers of Apple are present worldwide. This activity of Apple can reduce the market share and can lose the customer loyalty.

Task 3

Descriptive Analysis

Purpose of the Action and its result

This issue of slowing down the system performance was identified after the detail analyses of the product performance and reported to the concern. The background of this activity is based on the feedback received from the customers. The feedback is related to low battery performance and early problematic issue occurred in the hardware of iPhones. Apple also believed that the problems are occurred due to the factor of aged batteries that can damage the reputation of the organization.

This strategy of reducing the performance of iPhone systems does not go well for the Apple and hence the flow of complaints has increased in the last year. Apple is considered as a luxury brand and people buy their product to show loyalty and illustrate as a precious product in the market. This strategy did not appear to be successful and creates a bad image for the loyal consumers. This action has created a lot of disturbance in the market and in the perception of customers regarding iPhone features and quality. The outcome of this problematic issue of slowing down the performance of the system due to the upgraded operating system has reduced the speed of selling growth and market share. And the competitor has captured the market share and earn profit from this opportunity occurs due to this technical issue. Most of the customers are not satisfied with the statement of the Apple and they argue on the reason that Apple has stated.

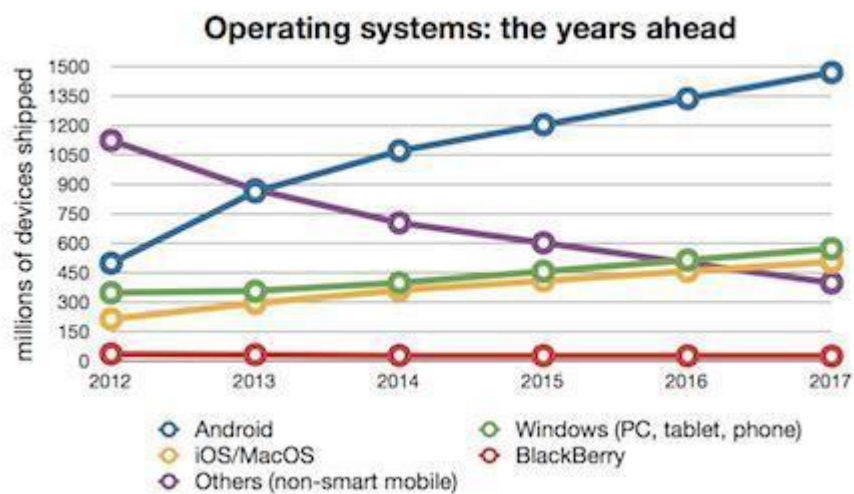


Figure 2: Comparison of Operating system success (AndroidPub, 2018)

Actions to Improve the Performance

The issue that is highlighted by the customers of Apple iPhone and reported in the latest news of BBC has created disturbance in the competitive market. The exercise of the Apple’s management to reduce the performance of the system and increase the life of the battery and hardware. However, this does not seem to be the right method to resolve this issue. This decision-making process by the management of Apple is related to the economic principle to a management decision; quantify the determinants of consumer demand and possible strategies in the event a firm is one of just a few companies in a market.

Apple considered this action as a strategic move that can help the organization to resolve the problem of the customers. Apple has quantified the perception of the customers that require the enhancement in the long-term usage of the smartphones. The battery performance of the iPhone can cause the reduction of iPhone’s life and performance. The demand of the customers has increased drastically that most of the organizations are unable to meet their requirement and unable to fulfil the demands. The decision has been taken by the management of Apple and they made the changes in the system performance to resolve the complaints of the customers. This decision has been taken to follow the economic principle and place the iPhone on the top.

Vendor	4Q17 Units	4Q17 Market Share	4Q16 Market Share
Samsung	74 026.6	18.2%	17.8%
Apple	73 175.2	17.9%	17.8%
Huawei	43 887.0	10.8%	9.4%
Xiaomi	28 187.8	6.9%	3.6%
Oppo	25 660.1	6.3%	6.2%
Others	162 908.8	39.9%	45.1%
Total	407 845.4	100%	100%

Figure 3: Comparison of market share captured by different brands (Source: Kahn, 2012)

This decision has been considered as a strategic move by the management of Apple to gain the competitive edge in the diverse market by reducing the number of complaints of the consumers. The strategy is based on developing the changes in the performance and slightly reduce the performance of the systems of an iPhone that result in negative impact on the customers.

Consideration during the decision-making process

This case of Apple is an example of various brands and successful companies to take the decision. The lesson I learned from this case is to develop appropriate and effective strategies by having the detailed analysis and pre-testing of the strategic decision. The decision should be considered and properly evaluate before the implementation of the developed strategies (Takemura, 2014). It is necessary for the organization to consider that what problem can be resolved and does not affect the reputation of the organization. Similarly, an example has been created by Samsung regarding the burst of the battery during charging of known smartphone Samsung – Galaxy Note 7. Samsung has called back all the smartphone to save the reputation of the organization. The Apple has taken this strategic decision to resolve the issues and gain a competitive edge in the market.

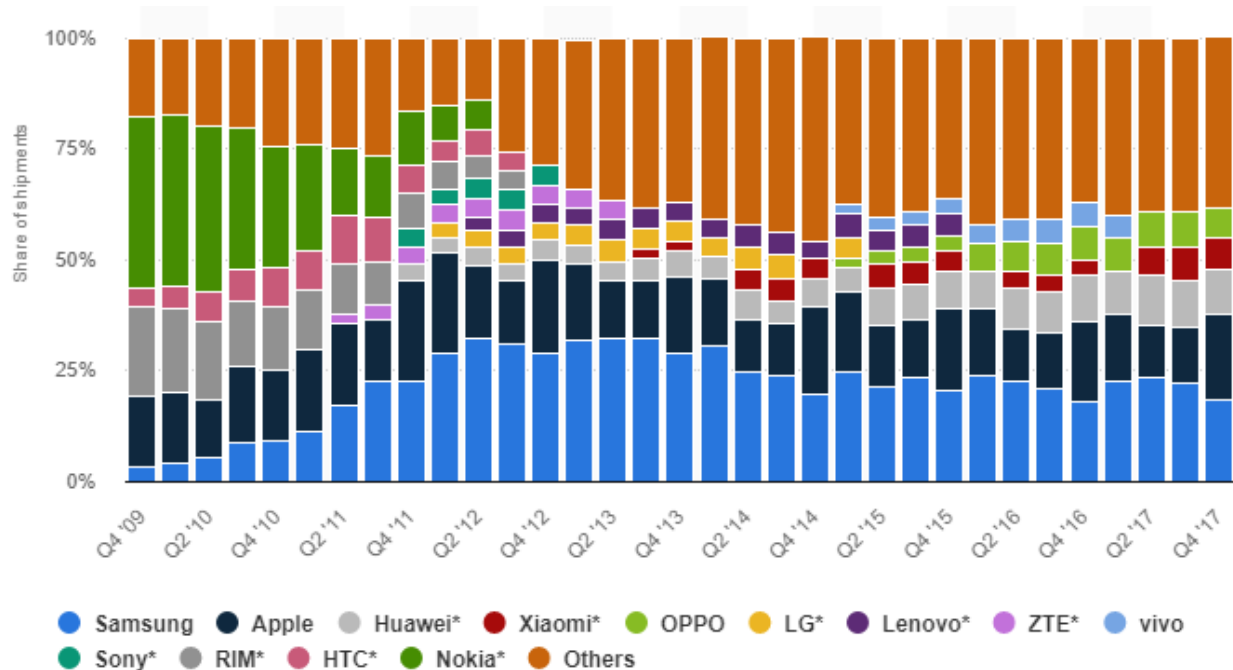


Figure 4: Market Position of Companies

The Apple has taken this decision to maintain their position in the market and capture the market share by resolving the issues of the customer in the least time. It is important for an organization to consider the strategies and decision that they are going to implement in the future to resolve any kind of issues. This might requires detailed analysis but can bring an effective outcome to satisfy the customer. It is also important for an organization to precisely forecast the

actions that have taken in the past and specifically consider the case studies that organization has taken to solve the problem.

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