

Issues for Identifying an Innovative Business Model

- "Being ahead, not behind"
- "Think different"
- "It's not just what you sell, it's how you sell it"
- Apple has made a lot of money on software. Apple has paid more attention on marketing than hardware.

Key Success Factors for Innovation

- Innovation is a process, not a product
- Innovation is a culture, not a strategy
- Innovation is a mindset, not a technology
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Apple's Business Model Innovation

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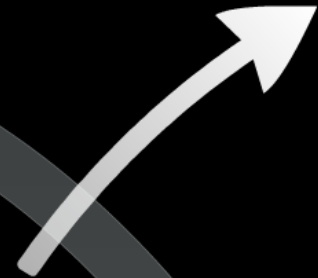
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The Business Concept

- At the end of 1990s, the company's development was seriously limited and tried to seek new opportunities.
- At the beginning of 2000s, the company introduced new product iPod as well as the iTunes online music service
- the company has shifted from a traditional computers producer to a provider of consumer electronic products and services and a new distinct business concept has been formed
- It targets on the customers who prefer better user experiences and more fun brought by high technology, lovers of music, and design and media professionals.
- It found out successfully what those customers need and want and how to satisfy them with simple, nice designed and easy-to-use programs.
- It focuses on creativity and innovation to bring those values to its target market.

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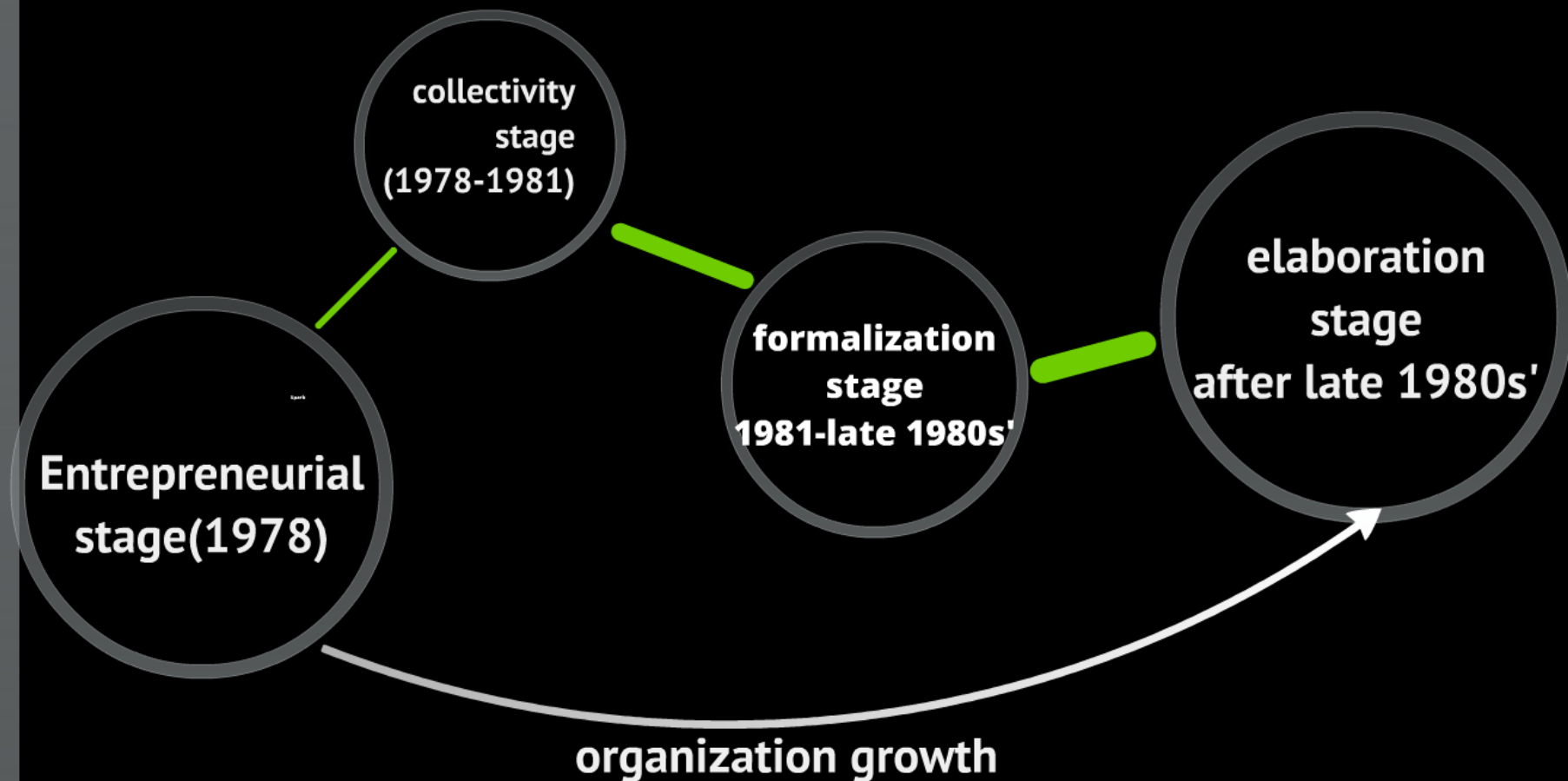


80s

Executive Summary

- Starts with the organizational life cycle, Apple experienced almost a whole life cycle before Jobs returned in 1998.
- Focuses on the era in which Jobs came back and the renewed business concept
- Researches on the rules that Apple applied to foster the innovation environment and encourage individuals' creativity
- States that Apple has applied its innovation ideas to an extremely extent to almost all aspects, including products, business models, and customer experiences
- Apple is supposed to be revolutionary at the Entrepreneurial Grid with both numerous entrepreneurial events and high degree of innovation, risk-taking, and proactivity.
- Gives three actions in the aspect of international management based on the current situation of Apple

The Organizational Life Cycle



The Business Concept

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Rules for Fostering an Innovative Environment

- **“Selling dreams, not products”**
- **“Think different”**
- **“Kick-start your brain”**
- **Innovators will also be rewarded either in recognition based or in monetary terms.**
- **Apple has invested a lot of resource on creativity**
- **Apple has paid more attention on controlling the risk**

Ranges of Options for Innovation

Innovation on Products- “insanely great”

- **1998: Redefined Macintosh line of desktops and laptops and began to sell iMac and iBook.**
- **2001: iPod portable digital audio player**
- **2003: iTunes Store which offers online music downloads for \$0.99 a song and is integrated with the iPod.**
- **2006: a new line of MacBook, Mac Pro and Mac Mini**
- **2007: iPhone which started a smartphone revolution**
- **2010: iPad which is large screen, tablet-like media device**

Innovation on Business Model-Apple’s DNA is as a consumer company

- **Created new business models for designing, packaging, positioning, marketing, selling and servicing music, movies, TV shows, videos**
- **Diversified outside of the computer niche and combined many market together with its innovative products and innovative business models**

Innovation on Customer Service-bring customer best user experiences

- **Created Apple store in 2001 and owns over 300 stores worldwide.**
- **It also have Apple online stores and iTunes store.**
- **Be responsible for bring customers greatest user experiences.**

Positioning Apple at the Entrepreneurial Grid

- **the Business week lists the most innovative companies in the world that can be labeled revolutionary.**
- **In the BusinessWeek BCG survey conducted in 2008, 52% out of 2950 executives of the biggest global corporation thought that Apple is most known for its innovative products**
- **From then on, Apple has been one of the most innovative companies for five years**
- **Apple is supposed to be revolutionary at the Entrepreneurial Grid with both numerous entrepreneurial events and high degree of innovation, risk-taking, and proactivity.**

How is Apple Doing regard Creativity

hires people with different experience and background

creates a culture that encourages creative expression in almost all arenas of creativity

- It encourages new ideas and converts ideas into creative products such as iTunes, iPod, iPhone, and iPad**
- It created the industry iTunes store by offering music downloads**
- It created an exclusive relationship with AT&T in U.S. firstly and had established carrier relationships in over 70 countries to expand iPhone 3G distributions**

Summation

- **In the past 12 years, Apple has successfully built an “innovation factory”.**
- **Apple has been creating amazing products to satisfy consumer’s expectation, or even unexpected needs.**
- **Product innovation driven strategy has made Apple so successful.**
- **Apple might focus more on the management innovation, especially international management.**