

Apple and Core Competencies

Review the following information on Apple and its suggested core competencies

Core competencies are special skills and capabilities of the firm that provides some competitive advantage in the marketplace. We are primarily interested in those skills and capabilities that allow the firm/brand to deliver superior customer value.

To demonstrate the value of core competencies versus physical assets/resources let's consider Apple's skill sets – what are they really good at doing? Apple has superior innovation expertise – they are very good at enhancing existing technology and improving its capability and making it easy and enjoyable to use.

They are also quite good at growing markets and attracting large numbers of consumers to new technology. This skill set means that they will have ongoing success in the marketplace because they are able to KEEP delivering exciting and interesting new products and generating large scale demand.

Compare this position to Nokia – that at some time was the leading mobile phone provider. They had the resource advantage of a larger market share, a larger selection of mobile phone products, and a strong established brand in the mobile phone market.

But along comes Apple who leverages this skill set for innovation into the mobile phone market – the results have been spectacular, with Apple becoming a dominant player in the market and extremely profitable.

Student Discussion Questions

1. To what extent do you agree with this view of Apple's core competencies? Do you think there are some other competencies that should be included, or do you think that some should be omitted from the above article?
2. Contrast the position between Apple and Nokia – to what extent has this dramatic shift in competitive position been driven by underlying core competencies, or are there other factors in play?
3. How possible is it for Nokia to duplicate Apple's core competencies and become more competitive in the smart phone market?
4. Discuss how Apple's overall strategy is aligned to their core competencies (and as you have defined them in Question One above).