

Analysis of the Development Status and Existing Problems of Apple Company

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Abstract: Understanding and analyzing the development of technology companies is crucial for the healthy development of the industry. This article takes Apple as an example and focuses on analyzing the current development status and trends of the enterprise based on its financial situation. Intended to address two issues: one is Apple's recent financial performance; Another challenge it will face. This article uses case analysis method and SWOT analysis to focus on exploring the strengths, weaknesses, opportunities, and threats faced by an Apple company. The research results indicate that the current financial development status of an Apple company is good, but it still faces some competitive pressure in the future. Although it has certain market advantages, efforts will still be made from both internal and external environmental aspects in the future. This study takes Apple as the research object, and the research conclusions can provide reference value for future researchers. At the same time, it has important practical significance for the healthy development of Apple in the future and better understanding of the development trends of technology companies.

Keywords: Apple, SWOT, Financial Situation.

1. Introduction

1.1. Research Background and Significance

The science and technology field are on the rise, the innovation is in an active condition, AI and cloud computing technologies are developing rapidly, unicorns are springing up. Apple Inc. (Apple) is one of the most well-known science and technology companies in the world. It's headquartered in Cupertino, California, America. Since it was founded in 1976, it has been taking lead in the development of the field of electronic technology, based on its unique design ideas, innovative technologies and advanced product quality. Apple Inc. mainly produces and sells customers electronic products, personal computers, computer hardware, computer software and other online services.

When Apple was first founded, it mainly produces personal computers including Apple I, Apple II and other classic models. In the year of 1984, Apple launched a revolutionary product, Macintosh, which is the first commercial personal computer with an intuitive graphical user interface. This greatly changed the way how people use their computers. After going through a series of inner management and financial problems, Steve Jobs went back to Apple in 1997 and lead the company

launched iMac, iPod, iPhone, iPad and a series of innovative products. This restored the company's image and pushed the company further to another level. Apple Inc. also provide services like Apple Care repair service, iCloud storage service, Apple music stream media service etc.

Apple Inc. pays high attention to innovation, creativity, and always put the customers' experience first. The company appeal its staffs to make full use of their creativity and imagination. In this way and with the help of teamwork, the staffs may continuously create more leading products.

Apple Inc. has always been keeping steady financial situation and strong profitability. According to the latest financial reports, the annual operating income of Apple has reached an extremely high number of hundreds of billions of dollars. Also, Apple is one of the most valuable companies in the world, its market value was once basically one the same level of the GDP of the fifth biggest economy.

This article will mainly focus on Apple's financial situation in recent years as well as it is future prospect in order to gain a better understanding of the company's operating mode and income resources, which will have an optimistic influence on the company's future development especially financial one.

1.2. Literature Review

In Tianjing Dai, Ru Zhang and Guliang Tang's article, they did an deep analysis of how Apple continues to adopt light asset model to operate including simplifying the production process and standardizing spare parts, building an efficient supply chain, achieving a very short inventory turnover period, maintaining high cash reserves and working capital, small fixed asset investment, huge R&D and sales terminal investment, mergers and acquisitions of enterprises with technical advantages, and capital operations led by internal source financing. In the process of in-depth discussion of enterprise value creation, their article first clarifies the cash flow structure as the core link between enterprise value and profit model. Based on this understanding, their paper builds a theoretical framework, which takes enterprise value as the starting point and is guided by financial strategy (especially the optimization of cash flow structure) to form a light asset profit model, which ultimately affects and drives business activities and capital behavior and realizes the improvement of financial performance [1].

In Daobiao Zou's essay, he had an insight into the special parts of Apple's innovation management, including the innovation of its products, the innovation of its technologies and the innovation of its distribution channel. He did it by investigating the innovation management of enterprises under the new economic era, through analyzing the management tools that the company used to innovate, including Carnot model, Huixiao curve and quality function. At the same time, he concluded the timeline of Apple's development and its specialties and analyzed its other products including mac, iPhone, iPad, iPod, its Appstore and so on [2].

Based on Apple's development history, Gang Liu's article aims to build a strategic framework that is customer-oriented and responds to market changes and enhance the competitiveness of enterprises by accurately selecting enterprise boundaries and building a dynamic business ecosystem. In-depth research found that in the rapid development of Apple over the past decade, its core advantage lies in its in-depth insight into consumer needs, accurate positioning of enterprise boundaries, and successful creation of a diversified business ecosystem including digital music, application software, etc. This strategy enables Apple to make full use of resources inside and outside the industrial chain to quickly and accurately meet the dynamic needs of consumers. Most importantly, Apple not only builds these business ecosystems, but also skillfully controls the operation of these ecosystems through its key product and service platforms. This strong control not only keeps Apple in a significant lead in the competition, but also brings rich market returns [3].

Taking Apple as its analyzing sample, in Guliang Tang and Ru Zhang's essay they used the company's operating information and crucial financial data in the past decade. From the perspective

of the financial strategy driven, they looked into the continuous light asset operating mode's basic key points then concluded the key specialties of the company's business operation and financial behavior under the continuous light asset operating mode. After in-depth exploration of the relevant literature on corporate profit model and light asset strategy, this article puts forward a core point of view: cash flow structure plays a crucial role in enterprise value creation, financial strategy and profit model. Based on this understanding, this paper builds a theoretical framework of the financial strategy-driven profit model. The core logic of the framework is "enterprise value → financial strategy (with cash flow structure as the core) → profit model (oriented by the light asset model) → business activities and capital behavior → financial performance". This framework clearly shows how enterprises start from value creation and implement a light asset profit model by formulating and optimizing financial strategies (especially cash flow structure), and ultimately drive business activities and capital behavior to achieve the whole process of excellent financial performance. As a key variable connecting various links, the cash flow structure not only affects the short-term operation of the enterprise, but also has a far-reaching impact on the long-term development of the enterprise. Through this theoretical framework, enterprises can more clearly understand the importance of cash flow structure in financial strategy and profit model, so as to formulate and adjust financial strategies in a more targeted way, optimize resource allocation, improve asset utilization efficiency, and thus improve the profitability and market competitiveness of enterprises [4].

The short coming of all the articles mentioned above, in general, is that they did not analyze the threats the company faced and its flaws, which may possible lead to the one-sidedness of the articles.

1.3. Research Contents

This article will focus on mainly two things by analyzing its financial data in recent years in order to see the company's financial situation more directly and transparently as well as doing a SWOT analysis to learn about the company more well-roundedly.

2. Case Description of Apple Inc.

2.1. Company Profitability

Accounting to the latest news from New York stock exchange, the market value of Apple Inc. is now over 3 trillion dollars, which again refreshed its record, showing Apple's compelling development trend [5]. The share price is still going high, and the market is full of hope to its future performance.

Apple Inc. gained a total income of \$90.753 billion in the first quarter of 2025 fiscal year, reflecting a decrease of 4%. Although faced with fierce competition in the market, the company still had a huge amount of revenue, showing its great brand influence and admission and trust of customers. In addition, the net profit of Apple was \$23.636 billion, reflecting a drop of 2% year on year. However, its profitability is still on the level way ahead of other companies in its field.

The gross margin of Apple reached the number of 46.6%, an increase of 0.7percentage points, showing Apple's strong capability of competition in the fields of cost control and pricing products. The high gross margin is beneficial for the company to keep a stable profitability and create more value for its shareholders.

2.2. Income Structure

As the core product of Apple, the income from iPhone was \$45.963 billion, taking up 50.6% of the company's whole operating income. Though faced with the pressure from the market competition, Apple is keeping a high share in market by winning customers with its outstanding performance.

The operating income of Mac was \$7.451 billion, reflecting a rise of 4% year on year. The continuous increase of Mac shows that Apple is still having strong competition ability.

As for iPad, the operating income was \$5.559 billion, a drop of 17% year on year. This may be caused by the changes of needs of customers.

Summing up the operating income of Apple's wearable devices, household products and accessories all together, the total number was \$23.867 billion, which shows a drop of 10%. However, the development of Apple Watch and other products brought about new growth points for Apple.

In the Chinese market, the total operating income was \$16.372 billion, falling behind HUAWEI. However, in most countries especially in America and Europe, Apple is still dominating the markets.

3. SWOT

3.1. Strengths

With its products' high quality and the special brand image, Apple now has big influence around the world. Its new products and models are affecting the other electronic companies' developing direction in a great way. Due to its successful development in the past, Apple has already accumulated a lot of user data, which is able to provide rich resources for its research and development into Artificial Intelligence and other fields. Apple Inc. also has very experienced professionals that can improve the company's ability of creating new products as well as qualifying the customers' changing needs. These are the strengths of the companies.

3.2. Weaknesses

The biggest weakness Apple has is the limited market and purchasing group. This is because the price of its products is generally quite high especially in comparison with other brands like XIAOMI, HUAWEI and Samsung. Especially nowadays HUAWEI seems to be more likely to strike a cultural chord along the customers [6]. In some countries like Japan and China, Apple's market share is relatively low. Another problem Apple has is that for some crucial parts, it relies on the supply chain too much, which may make a negative difference to the company's producing and operating.

3.3. Opportunities

As mentioned before, Apple has many advantages in expanding its product's categories like virtual reality, artificial intelligence and smart home, which seems to be a big opportunity since these areas are very potential and will possibly have broad market. Another opportunity for Apple is to tighten its connection and cooperation with other company to produce some creative brands or solutions to help preserve the ecological system, its users can possibly get more comfortable using experience and will improve its attraction to the market.

3.4. Threats

Apple Inc. is also facing a lot of threats. The laws in some countries are limiting Apple's operating and monitoring the company's behaviors, for example, the problem of data's privacy. It was charged for its monopolistic behavior and is now facing a 2 billion dollars' punishment. The car project of Apple was forced to end, which wasted an enormous amount of money and time, exposing its mistake in its developing strategies. This may also pose threats to the company in the future.

From the Table 1 financial statement above, it is shown that though there are some slight drops in some parts, the development of Apple still looks compelling. It is expected to continue growing revenues in core markets—Gaming, Data Center, Professional Visualization, and Automotive. There could be a bit of dynamism in the short term due to general macroeconomic conditions and supply

chain issues, but long-term growth prospects look compelling. As for-profit margins, the good news is that the firm continues to hold and improve decision profitability margins through cost management and efficiency gains, as well as pricing strategies. Research and development investments in order to drive the following wave of both growth and innovation, balanced with prudent management of operating expenses [7].

Table 1: The financial statement of Apple

Year	2023	2024
P/E	30.87	27.49
P/B	48.17	36.03
P/S	7.81	5.58
EV/EBITDA	8.24	5.93
Net profit margin	28.36	25.31
ROE	49.79	171.95
ROA	9.61	27.6
ROIC	10.68	29.77
Current ratio	1.07	0.99
Quick ratio	1.02	0.94
Total equity/liabilities attributable to shareholders of the parent company (%)	26.52	21.4
Operating profit/total liabilities (%)	14.45	39.35
Total assets	1.95	-0.05
Net asset per share	33.85	25.75
Total liabilities	-3.66	-3.86
Operating profit	12.1	-4.3
Total shareholders' equity	30.63	22.64
Inventory	10.08	37.98
Total asset	0.34	1.09

Apple now is facing a lot of challenges. First of all, the competition in the market is getting increasingly fierce. Second, the pressure of regulation towards the company is increasing. Third, the innovation of its technologies has been slowed down. Forth, Apple's marketing channel is lack of multiplicity [8].

To respond to these challenges, there are some advice and solutions listed as follows. Firstly, Apple should put more efforts into the innovation and development of its new product as well as constantly improving its products' competition capability and the customers' using experience. It can introduce some new models with advanced technologies like folding screen, AI and so on. Secondly, Apple should optimize its supply chain management. by fixing the price properly according to the countries' developing situation as well as increase the profit of the suppliers with an appropriate amount [9]. Thirdly, Apple should change its marketing channels. If Apple can create multiple channels and operate them with regulation, Apple's sales risk will be reduced greatly [10].

4. Conclusion

In conclusion, article used SWOT and other data to analyze the financial situation of Apple in recent years as well as showing the challenges it is facing and offered some practical advice. The research results indicate that compared to other technology companies, Apple's development occupies an

important position in the market, and its current development status is crucial for its impact on the market. For the development of enterprises, Apple maintains a high profit margin in the industry, and the good news will improve the operational efficiency of the enterprise through pricing and cost; At the same time, enterprises also face problems such as market competition, high regulatory pressure, lack of technological innovation and marketing channels. In the future, Apple can reduce market risks by increasing research and innovation of new products, improving product competitiveness and customer experience, and optimizing the supply chain. However, this essay still has a lot of deficiencies, for example, the research methods tend to be theoretical analysis and the quantitative analysis is comparably not enough. In the future, when data resources are available, quantitative research can be conducted in conjunction with econometric models to deeply analyze the factors that affect the operational effectiveness of enterprises.

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