

Book of the envelope analysis for iPhone

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rivalry among existing firms:

- highly competitive industry
- economies of scale drives profit margins
- + price sensitivity is less for high end phones
- ++ strong brand loyalty for Apple
- ++ Apple has the ability to differentiate itself
- + IPed as basis for driving economies of scale

bargaining power of suppliers

- + Apple has bargaining power w/ its suppliers

bargaining power of buyers

- brand loyalty is lacking in mobile phones
- + buyers interested in products that work
- N high switching costs can work both ways

potential entrants

- industry is getting crowded w/ PDA turned phones
- Asian firms entering competitors w/ lower cost structure

threat of substitutes

- + no real threat exist

complementary & supporting industries

- ++ IPed already has rich set of complementary products
- uncertainty on how they might enrich iPhone experience

social

- + globalization requiring 24x7 connectivity
- + phones (thanks to Nokia) is now reflect personal brand
- quality of life trend is creating push back for 24x7

technological

- ++ wireless connectivity is quite pervasive internet
- cost of data connectivity impacts the usage rate for phones
- lack of mobile content impacts adoption rate
- + growth in entertainment industry for mobile phone

economic

- consolidation of the telecom industry

environmental
+ perception of Apple brand environmentally friendly

political - lack of standards around mobile phone network in the US

summary

- + opportunity for Apple to invent ^{at try} new iOS models
- + opportunity to leverage iPad infrastructure aggressively
- + opportunity for new data services via iPhone infrastructure
- + opportunity to provide solutions to improve quality of life of Apple products

