

APPLE MARKET IN THE WORLD



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The article is not featuring what we eat, but what we use.

Apple Inc., one of the most well-known technology companies, has been popular with its great variety of technological products. Among them, their series of mobile phones, known as the iPhone, holds the largest market share in the globe. Every September, when it is the normal launch date of the new generation of iPhone, numerous people would be on the cutting edge to purchase them in usual, even though the prices of each model keep increasing every year. This is why Apple is now the company with the highest market value.



Elasticity of demand for iPhone



The reason behind this situation can be explained by people's demand elasticity of iPhone. Because of the tradition of purchasing the latest iPhone models to be the first ones to enjoy the latest functions, as well as the special one who is different from others, they have no incentives to change their habits or reduce their consumption. Therefore, a consumption habit is formed among people, leading their demand to be inelastic.

Besides, in the world of technology, phones have become a necessity of people for a convenient life under the world trend, especially when people can only be satisfied when they get the latest iPhone, it becomes necessary among a huge proportion of people, who are fans of iPhone. Therefore, the increase in prices cannot outweigh how much people want an iPhone. Based on these factors, people have a low demand elasticity for iPhone, which means that when the price increases each year, the percentage increase of price is greater than the percentage decrease in quantity demanded, which creates an increased revenue for Apple Inc.



However, in 2022, when the iPhone 14 series was released, the situation became less pessimistic. Statistics show that there was a poor selling situation of it which was the most serious decline since 2019. Apple Inc., therefore, recorded a loss of US\$9B in revenue. From this, it is caused by people's current decreased demand. During the pandemic, many people lost their jobs or were forced to have unpaid leaves, giving them a low income. Then, fewer people became available to purchase this superior good, which the basic model, iPhone 14, has the lowest price of US\$799. Second, it is caused by people's comparison of it and iPhone 13, the previous generation of iPhone. When we compare the two generations, iPhone 14 has an insincere improvement in technology and design. While due to nature, every technological product becomes cheaper when there is a newer generation released. Therefore, being a substitute for iPhone 14 that shares similar functions and designs, people would rather purchase the cheaper iPhone 13 instead of the iPhone 14. Furthermore, since iPhone 14 didn't meet the expectations of people, some of them would wait for the release of iPhone 15 which is believed to have a huge improvement and change in appearance as well as technological specifications. Last but not least, there is also a group of people who are waiting for the price of iPhone 14 to drop when iPhone 15 is released later, being no incentives to have an instant purchase of it.

The generation of iPhone 15 is going to be launched later in autumn 2023, which I believe many of the readers here are looking forward to very much. It is fine to keep this tradition, but more importantly, we should make smart decisions based on our financial situation and willingness.

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