

Apple. Challenging the skeptics

There has been much publicity, mostly negative, when scanning articles online around the launch of Apple's iPhone 7. In fact it's been a largely negative year for the world's most valuable company (depending on when you check the list) with Apple's revenues declining for the first time in 13 years earlier this year and iPhone sales down. And then one just has to read the mostly negative "tech report" reviews of the new iPhone 7's features and many would recite the nostalgic view that without Steve Jobs the future is isn't quite so peachy for Apple. But this is based on a view that the core of Apple's business is making and selling slightly better products. But that is a very narrow view.

 By [Robert Grace](#), issued by [M&C Saatchi Abel](#) 20 Oct 2016

I'm an ad man. And when people ask what value advertising really brings I always say that we're in the business of creating intangible value for businesses. Taking the functional attributes of the business and attaching emotional attributes to them in order to gain a disproportionate advantage in the hearts and minds of consumers. A concept many businesses tend to forget about or fail to invest in during these recessionary times.

But it is exactly this "emotional" advantage that makes Apple what it is. And this is perhaps the most powerful legacy Jobs built for the brand. Apple's market cap of \$586bn comes off an infinitely smaller product line and mix versus its key competitor Samsung, whose range is massive by comparison, from cellphones to washing machines and air-conditioners. Yet its market cap is significantly smaller at \$161bn. Of course there are many factors to this, but it is clear which one has the "emotional" advantage.

A recent interview with Fast Company (Aug 2016) with the current CEO, Tim Cook, notes that in the five years since Jobs' death "Apple's revenue has tripled, its workforce doubled and its global reach expanded". And just to drive home the point, still makes significantly more revenue and profit than Google, Facebook and Amazon.

So how does a brand like Apple do this? It comes down to a simple, singular and intangible concept: purpose. If you read or hear or watch an interview with Tim Cook, at some point in the interview he will bring in the brand's purpose. Not reciting it like he's just attended an induction presentation for new employees, but in a way that convinces you of what they do at Apple. And quite simply it is this notion of "making the best products that really help people enrich their lives in some way" quote from a Fortune (March 2016) interview.

Cook continues in this interview about how it is this clarity of purpose that drives Apple's focus on only developing products and experiences their customers will love, and referencing the recent negative reports on revenue and declining sales, he goes on to say: "Overtime I'm sure everything else will catch up." And there's the other power of purpose, it liberates you to focus on what truly matters. It seems obvious and easy.

"But they're Apple" is what I often get as a defeatist retort when referencing Apple and their purpose. But I don't believe the people at Apple are any smarter than the rest of us. They are just clear about their purpose and pursue it a whole lot more relentlessly than the rest. And that's the hard part.

When it comes to defining a purpose, the big shift in thinking for any organisation (political parties can also take note) is shifting from focusing solely on "What you do" to the more resonant "Why you do what you do".

A recent Harvard Business Review from 2015 researching purpose driven companies summed up their findings as follows: "Purpose-driven companies make more money, have more engaged employees and more loyal customers, and are even better at innovation and transformational change. It seems to be easier to win the game when you care about the game."

So spend time asking what your purpose is. Why do you get up each morning to do what you do (and indeed your employees)? In answering that you may just take the biggest step in creating the advantage so few achieve.

ABOUT ROBERT GRACE

Robert Grace is a founding partner and the head of strategy at M&C Saatchi Abel Cape Town.

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