

Apple still perched high, but seems vulnerable

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Customers are seen waiting in line to purchase newly released iPhone 5, at the Apple Fifth Avenue flagship store on the first morning it went on sale, on September 21, in New York City. Despite the hugely successful launch of the iPhone 5 and iPad mini tablet, shares in the California tech giant have slid some 20 percent from all-time highs.

Apple, the world's biggest and perhaps most admired company, seems to have lost some of its luster.

Despite the hugely successful launch of the iPhone 5 and iPad mini tablet, shares in the California tech giant have slid some 20 percent from all-time highs, and analysts are questioning whether [Apple](#) remains the leader in "innovation."

A flubbed [mobile maps](#) program and a major shakeup in key management have also tarnished the image of the firm that had seemed nearly invincible just months earlier.

A more competitive landscape for mobile phones and tablets, including the surge in devices using the Google Android operating system, have also changed the outlook for Apple.

Last month, Apple parted ways with Scott Forstall, the executive in charge of mobile software, following embarrassments over its glitch-ridden maps program, as well as John Browett, who headed Apple's real-world shops.

Some analysts say the company lacks the vision and commitment to excellence after the death last year of its admired chief Steve Jobs.

Apple stock hit a record high above \$700 in September, but have since slumped more than 20 percent to \$547.06 on Friday.

"Investors are confused and have lost faith in Apple management," said Trip Chowdhry, analyst at Global Equities Research.

"Apple today is not as customer centric as it used to be, and the rate of innovation is declining when the rate of innovation of competitors has dramatically risen."

Others argue that it is too soon to say Apple has peaked.



Customers shop at an Apple Store in Los Angeles, California, on November 2. It was reported that lines at Apple stores nationwide were short as the new iPad mini and 4th generation iPad went on sale.

Charles Golvin at [Forrester Research](#) said that in a season filled with product launches from Amazon, Motorola, Nokia and others, Apple has been able "to exert a superior [gravitational pull](#) on its customers and partners than its competitors."

And Forrester's Sarah Rotman Epps said Apple "is entering the 2012 holiday season with its strongest product lineup ever, with wider retail

distribution than it has ever had.

"Apple is already leading every game it plays. But these products will maintain Apple's momentum," she added.

Yet Apple has lost market share both in the tablet market, which it created with the iPad, and in smartphones.

Research firm IDC said Apple held a 50.4 percent of the tablet market in the third quarter from more than 65 percent in the second quarter, as rivals like Amazon and [Google](#) gained in the growing market.

IDC's Tom Mainelli said many consumers interested in buying a tablet "sat out the third quarter" waiting for the new iPad mini.

"We expect Apple to have a very good quarter. However, we believe the mini's relatively high \$329 starting price leaves plenty of room for Android vendors to build upon the success they achieved in the third quarter," Mainelli said.

In smartphones, it was a similar story with Android grabbing 75 percent of the market and the Samsung Galaxy S3 getting the crown as the world's top selling smartphone, based on surveys.

IDC said Apple's smartphone market share slipped to 14.9 percent in the third quarter from 16.9 percent the prior period.

Even though the figures came as Apple launched the [iPhone 5](#)—which combined with the [iPhone 4S](#), outsold the Samsung flagship—the news was sobering for the Cupertino, California firm.

Many analysts remain bullish on Apple and say the recent stock slump is nothing to fret over.

"The selloff in Apple's stock in recent weeks has spooked investors but this correction is similar to the three others experienced over the past 13 months, all of which proved to be attractive buying opportunities," said Brian White at Topeka Capital Markets.

Gregori Volokhine of the investment firm Meeschaert said one problem for investors is that Apple, because of its huge success in recent years, has become the largest holding for nearly every investment fund in the US and elsewhere.

That means any move is likely to be amplified as investors follow the trend.

"Having too much of one stock means portfolio managers will sell on declines to reduce exposure," Volokhine said. "It's a vicious circle."

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