

March 2017, Issue 23



### SafeSourcing e-Newsletter

Have comments, questions, or suggestions about the new SafeSourcing e-Newsletter? Let us know what you think by emailing us at the following address. We look forward to hearing from you! [events@safesourcing.com](mailto:events@safesourcing.com)

#### Trivia!

What does 3PL mean?  
[www.safesourcing.com](http://www.safesourcing.com)

## Industry News

*Are you aware how much margin your vendor is making?*

### Apple Looks to ways to Build Margins

When The Apple iPhone launched 10 years ago and transformed the electronics industry in many ways. The smartphone has racked up more than \$650 billion in revenue, making Apple the world's most valuable company. With a profit margin untouchable by its peers, Apple was the envy of the consumer electronics industry. These margins are key to Apple's appeal to investors, but the company has come under pressure as iPhone sales have slowed and the cost of being competitive in the smartphone industry has risen. The gross margins for the iPhone have fallen by 15 percentage points in the past five years to 40.8% in 2016, according to Toni Sacconaghi of Bernstein.

It is rumored that the company is preparing a significant redesign of the iPhone this year for its 10th anniversary. An OLED display and an all-glass body design have been discussed. "Apple is working on other ways to help the bottom line. Its legal challenges against Qualcomm and Nokia have the clear aim of lowering the royalties it has to pay for access to key wireless patents." The company is also looking to ways to build out its service agreements, which sell apps and content for its devices. Ben Schachter of Macquarie estimates services average a gross margin of approximately 73% for the company. ■

*Dan Gallagher, WSJ, 1/3/17*

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### Recent Savings

#### Deli Containers

Savings were over 59% of total spend. ■

#### Pickles and Peppers

Savings were over 35% of total spend. ■

\*Please [contact SafeSourcing](#) to schedule your RISK FREE event today.

## China Takes Apple's Challenge

In Jinan, China, the train station walls are outlined in Apple Inc.'s challenge to China! "The terminal is blanketed with sizable green Oppo Electronics Corp ads showing a young starlet clutching a sleek Chinese phone." Ads such as these are portrayed across much of the country. The ads run in bus terminals, subways, and shopping malls, helping to make the Oppo brand a huge hit. "Apple said its Greater China sales fell 12% to \$16.2 billion for the quarter ended Dec. 31, compared with 14% growth year earlier." Obviously, these homegrown companies (Oppo, Vivo, Huawei and Xiaomi) have really put a dent in Apple's smartphone business.

The smartphone boom in China had helped Apple's growth for several years; however companies such as Oppo and Huawei Technologies Co. are offering cheaper handsets that are nearly as sophisticated as iPhones. Apple's sales were also down due to the limited visual difference between the iPhone 6S and iPhone 7. Chinese consumers have a lower disposable income than Western shoppers; therefore, they are less likely to splurge on a phone that could be mistaken for an older one. ■

*Eva Dou, WSJ, 2/2/2017*

## Snapchat Becomes Millennials New TV

"In the registration filing for its initial public stock offering, Snapchat parent Snap Inc. said its competitors range from Google, Apple and Facebook to popular Asian messaging apps such as Kakao and Line." Traditional media companies such as Fox or Viacom were not listed. The odd thing with that is that Snapchat is a messaging app, but it also is a new kind of television. Snapchat reported that around 10 billion videos are viewed each day, which is more than the eight billion claimed by Facebook in late 2015.

The Snapchat "videos" are clips that last around 10 seconds. They usually are stories that are looped together that last several minutes. This type of technology appeals to millennials as they can experience watching something like TV instead of engaging in Facebook. "Snapchat's swipe-based interface makes it easy to mindlessly cruise through the barrage of friends' stories and messages, and it even has a mode where you can play through all the stories you like without interruption. It is reality TV, starring people you know." Because there is not feedback on Snapchat, there is no pressure to judge.

*Christopher Mims, WSJ, 2/5/2017* ■

### QUESTIONS AND ANSWERS

Q: How can I subscribe or unsubscribe to these newsletters?

A: You can subscribe or unsubscribe to these free newsletters by simply going to our [website](#), and clicking the option "e-Newsletter" or by contacting us directly at [events@safesourcing.com](mailto:events@safesourcing.com)

Q: I have run events in the past, is there any chance I could be saving more?

A: Yes. No matter when your past event ran, the team at SafeSourcing can find ways for your company to save.

Q: I want to know more about what SafeSourcing does. Who can I talk to about this?

A: You can contact a customer services representative by calling us at 1-888-261-9070 or by going to our [website](#) and trying our "Risk Free Trial" offer.

### Trivia! From February 2017 Issue

What is UDDI?

Universal Description, Discovery and Integration is a standard established for building online databases of companies and the goods and services they provide, similar to Yellow Pages for the Internet. UDDI is intended to help businesses locate suppliers and products. Sourcing companies supplier databases go well beyond this definition.

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