**Creative vs. Apple**

Singapore stocks may be on a rebound today but the small lift in shares of Creative Technology did little to put the shine back into the company.

After Creative introduced its first MP3 Player in 1999, everything seems to be going well for the home-grown company.

That was until US-based Apple Computer came up with the iconic iPods, which took the MP3 market by storm.

Since then, Creative and Apple have been engaged in tough competition to maintain their dominant positions in the market.

The 2 companies are now embroiled in a slew of lawsuits and counter-lawsuits, alleging each other of infringement of patents.

In the first four months of 2006, Apple had a 77 percent share of the U.S. portable MP3-player market in terms of unit sales.

According to market-research group NPD, the remaining top four competitors, including Creative, have less than 10 percent each.

The fact that Creative has a smaller market share certainly isn't a case of lack of foresight or inferior products.

Afterall, Creative started selling MP3 players before Apple joined the show and the company has constantly been updating their technology.

Practice Associate Professor of Marketing at Singapore Management University, John Davis, says this may be due to the way the 2 companies position themselves.

*John Davis:*

"Apple's a lifestyle brand and Creative tends to be a product brand. And lifestyle tends to be what you and I are buying now. I don't know why that is. The average consumer looks at Apple and says this somehow relates to me."

Analyst at DBS Vickers Securities, Don See, says the lawsuits may not be a bad thing for Creative, as it may help the company to get out of a competitive market.

*Don See:*

"It might force them to re-strategise and look at what are the more profitable product segments that will help them improve their profitability going forward."
But Mr Davis of SMU says the fate is not sealed for Creative Technology, which is stepping up its efforts to raise brand awareness such as setting up a store in Marina Square.

*John Davis:*

"Creative certainly has a broad range of products they can merchandise inside the store. What will be interesting is how they can turn the store into an experience, not just a collection of products with boxes on the shelves. I'll be cautious in presenting Creative as a has-been. I think they are a company with smart resources and technological DNA built in. This is a challenge in time for them. But can they overcome it? Sure they can."