

# Discussion 10- economics-pricing techniques

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Pricing techniques Insert Insert Every new product released by Apple has an attractive feature that makes it unique and different from other products. Apple is successful in maintaining Average selling price of its products by incorporating value-added features to its new commodities for example, iOS operating system, high-tech apps and other features. The iOS Operating System offers a better human machine platform for mobile devices. Such new features make Apple's products very attractive to customers. Value-added features include both hardware and software enhancements that increase the sale value of that particular product while at the same time maintain consistent prices over time. The iPhone is one of Apple's products that have value-added features such as smart iPhone, wireless internet communication devices, iPod, PDA, Computer and Camera.

The success of Apple products is because the company focuses on adding value to the lives of its customers. The company ensures that it develops valuable commodities for its customers. Apple also creates the perception of scarcity of its products among consumers. Perception of scarcity attaches a value to these products hence making many people want to own Apple products. Apple products also target a particular market segment. This creates a perception of value and quality on every product Apple releases. People want to associate themselves with Apple products because they believe these Products will add value to their lives. Value addition is part of Apple's business strategy.

The best pricing techniques for Apple products is to use decoy prices and high reference prices for its new products. Decoys will ensure that the company wins stocking demands for its products and sells all its decoy

commodities at higher prices. High reference prices for new products can ensure success in meeting the sales targets for that particular product. When introducing a new product into the market, Apple should set high reference prices for that particular product. However, as the products remain in the market, their prices may gradually reduce. Apple uses pricing techniques such as reference prices, branding, obscurity and bundling to remain top of the market (McGuigan, Moyer, & Harris, 2008).

#### References

McGuigan, J., Moyer, R., & Harris, F. (2008). *Managerial Economics: Application, Strategy, and Tactics*, 12th Edition. Mason: South Western, Cengage Learning.