

# [Apples pricing strategy](https://assignbuster.com/apples-pricing-strategy/)

Apples pricing strategy Without a doubt, Apple is premium brand that continues to dominate in its competitive market. With innovative products such the Iphone, Macbook and the IPAD, a clever pricing strategy is essential for its success. It can be safely sad that no company is recession proof. However, after carefully analyzing this issue, it is safe to say that Apple should continue to price its products at a very high level for numerous reasons. One of the key reasons why Apple should continue to price its products high is due to the fact that Apple’s technology is ten years ahead of the technological curve. That enables Apple to not to avoid the pressure of competing with other firms when it comes to price since consumers are willing to allocate their funds to buy Apple products. For instance, the IPAD 2, should be priced at $500. Although other similar types of tablets that are produced by Dell or the Android are available at a lower price, it does not diminish the fact that the IPAD 2 obliterates the market with its functionality. No product in the market currently possessed two cameras, a dual-core chip, and is light-weight like the IPAD 2. Another reason why Apple should continue to price its products and services high is because of price elasticity. Price elasticity is defined as the response by the product when the price of the product is modified. If Apple was to drop the price of its new Iphone 4 from $599. 99 to $399, it would be detrimental to the company itself since the demand will not drastically change, but Apple’s profit margin would be lower [1]. Undoubtedly, price reduction is not a smart move for Apple since the demand for its products continues to be so high even in these harsh economic times[1]. As key innovators, Apple should consistently focus in research and development to create prime products that continue to awe the technological world. Lastly, Apple should continue to price its product at a high pedestal is because of Apple’s supreme ability to appeal to its customers’ emotions. The marketing teams at Apple are experts at targeting consumer behavior and continue to make its consumer believe that their products are better than the competition[2]. Undoubtedly, Apple has a strong brand reputation and equity which means that it appeals to human senses as a luxurious brand[2]. So why modify the prices of the products just because its competition is struggling to gain any revenue? People saving and ready to invest in buying a smart phone, a netbook, a tablet, and a laptop will always allocate their resources effectively in order to satisfy their need of buying an Apple product. For Apple customers, the feeling of purchasing the product produces happiness, confidence, and self-esteem. All these factors indicate that Apple should utilize the skimming strategy when it comes to pricing its products. Apple must possess confidence as a company to protect its brand as a luxurious one and should focus heavily in innovation as their key strength. Pricing at a higher-level as pricing strategy should be Apples’ focus. It will be interesting to see how Apple continues to make its mark in future years to come. Works Cited [1] New Apple systems on the horizon. (1996, December). Macworld, 13(12), 34-35+.  Retrieved March 21, 2011, from ProQuest Education Journals. (Document ID: 10351408). [2] Rick Lepage.  (2002, December). Value proposition. Macworld, 19(12), 7.  Retrieved March 21, 2011, from ProQuest Education Journals. (Document ID: 233125781).