

Bargaining power of buyer in apple inc

Finance



Bargaining Power of Buyer in Apple Inc Consumers are integral in the corporate environment for if these people did not exist, companies would not have anybody to purchase their products and consequently would lead to multiple failures. In a company such as Apple. inc, the consumers have a lot of power and are the reason why they have a high ranking with regard to bargaining. Switching costs is a factor that ensures the bargaining power of the consumers remains constant. When Apple produces a new commodity and changes the price of the commodity to become higher than the other commodities, consumers have the ability to threaten a change in dealers and move to a competitor such as Samsung. It thus becomes vital for the company to change the prices of the commodities to accommodate the financial condition of the consumers. When they lower these prices, the consumers continue shopping steadily in the company.

Purchases product volume is another critical aspect to consider regarding the bargaining power of the consumer. When Apple produces a commodity and it does not have many purchases, it has no option but to follow the prices that the consumers are willing to offer for it (Hill 143). When the company changes or rather adjusts the prices to suit the consumer, it definitely experiences an increase in purchases product volume.

Customer loyalty is another integral concept. For Apple to continue sustaining the consumers that it has, it is appropriate and advisable for the company to set appropriate prices. Failure to set appropriate prices would see the customers failing to purchase commodities from the company. This leads to the company obliging to the bargaining power of the customers and lowering the prices. Companies have always worked effectively to see to it that they achieve large profit margins. However, consumers through their <https://assignbuster.com/barging-power-of-buyer-in-apple-inc/>

bargaining power have countered this strategy.

Work Cited

Hill, Charles. Essentials of Strategic Management. London: Oxford University Press, 2009. Print.