Discussion 5

[Name of the Student:]

[Name of the Institution:]

Discussion 5

1. Value-based pricing is a pricing strategy which takes into consideration the perceived value of a product or service to the customers. It does not concern the cost incurred in developing the product or rendering the service. This strategy for pricing is suitable for the companies that incorporate unique features into their products or services such that they demonstrate highly valuable characteristics. ‘Apple' is the best example of a company that uses value-based pricing for its products and services. Apple is the market leader in its industry and it has established as the most powerful brand in mobile and computer industries. Apple has built an image of delivering the highest possible quality in its products. It surpasses the customers' expectations almost every time they launch a product. Therefore, they employ value-based pricing for their products. Customers willingly pay these value-based prices for the company's products as they know they are going to get products that will deliver more than their perceived quality. Value-based pricing has enabled ‘Apple' to generate revenues much more than those of their competitors.
2. Another pricing strategy is the penetration pricing. This strategy involves keeping the prices of products and services relatively lower than those of the competitors’ products or services (Kotler & Armstrong, 2010). This strategy is used by the companies that are new in the industry and they have to compete with the market leaders who have already established as the greatest revenue generators. The new company has to attract customers. Therefore, they keep the prices low. The penetration pricing strategy enables the company to differentiate its products from others in the market. "Samsung' is an example of the company who uses this strategy. To compete with ‘Apple’, ‘Samsung’ made use of this strategy and attracted many customers to its products. Later, it won the greatest market share of the smartphone industry. They differentiated their products by offering low prices in the beginning. However, they also raised the prices after they established themselves as the industry giant.
3. Partnerships in the marketing channels represent the intermediaries or parties that are responsible for taking goods from the suppliers and delivering those goods to the end-users or customers (Rosenbloom, 2012). Examples of channel partners are the wholesalers, retailers, consultants, service providers, etc. Companies usually make their business processes more effective and profitable by employing channel partnerships in their marketing strategies. For example, ‘Android’ is a software developed to work as the operating system for mobile devices. Smartphone manufacturers use this software as part of their devices. Android needs mobile devices to deliver what it has been developed for.
4. Disintermediation is the elimination of the sales intermediaries from the channels of distribution. It lets the consumers or end-users have direct access to the company's products. For example, Dell decided to sell its products directly to the consumers. They built an online portal to allow customers to place their orders directly with the company. This contributed to the company's profits positively. However, disintermediation can also prove to be a threat in certain scenarios. Disintegration mainly affects the wholesalers. The manufacturer is also affected as disintermediation decreases customer loyalty, and sometimes devalue the customers experience with the company’s products or services. Some businesses need to be run through the traditional patterns of distribution.
5. The market place has evolved to show different trends in retailing and wholesaling. Partnerships tend to work in coordination with others in spite of working alone. Companies have begun investing in Omni-channel strategies in retailing and wholesaling. They intend to provide the customers with a personalized experience in modern times. Companies are expanding their partnerships and creating new channels as many as required by their businesses.

References

Kotler, P., & Armstrong, G. (2010). *Principles of marketing*. Pearson education.

Rosenbloom, B. (2012). *Marketing channels*. Cengage Learning.