



# Pricing of iPhone

By:  
Ayan Sengupta  
Dattatreya Biswas

# Contents





# Old Story



- Apple had a market share of 16.1% worldwide in 2015.
- Smartphone shipments in India crossed the 100 million mark in 2015.
- With Samsung having a greater foothold in the market with 26.8% followed by Micromax with 14.1% and Sony with 3.5%.
- There has been a decline in the YOY growth in smartphones in North America and China.
- Hence India, Philippines has become an important market for Apple's growth.

# Market Share

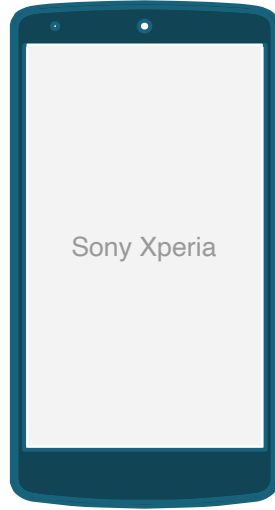
Current market share of Apple, Samsung and Sony in India



**1.8**  
**%**



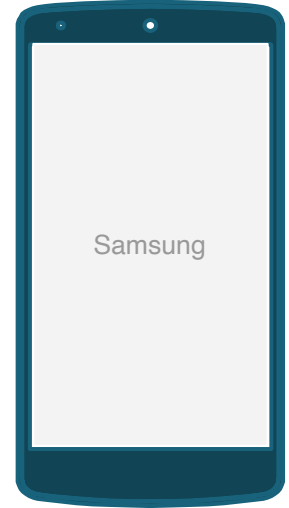
**1,962,000**



**3.4**  
**%**



**3,706,000**



**26.8%**



**29,212,000**

# 1



## Why Pricing

The need for pricing a product or a service

Pricing strategies are used to sell a product or a service and try and maximize the profitability. It helps consumers to have an image of the standards the firm has to offer through their products, creating firms to have an exceptional reputation in the market.

# 2

## Pricing Strategies

Various strategies for pricing





Cost is a matter of fact, price is a matter of policy.

- Unknown



# Strategies

The following are the various ways of pricing

1. **Value-based pricing** - Price the product based on customers perceived value of the product. This is extremely beneficial for pricing a new product preventing overpricing and underpricing.



## Value - based process

Customers

Value

Price

Cost

Product



## Strategies contd..

**2. Cost-based pricing** – Product price is determined by adding a markup to a product's unit cost(COGS). The markup price is expected to provide an acceptable return to the manufacturer. This works best when a business is in need of short term finance.



## Cost - based process

Product

Cost

Price

Value

Customers

# 3

## Data Analysis

Conjoint and Discrete analysis



## Data Set

- A total of 22 questions were asked and received 112 responses.
- We performed conjoint analysis to obtain the customer perceived value for the iPhone SE smartphone.
- This helped us to calculate the market share.
- We found brand equity and price elasticity from Discrete choice.



# Questionnaire

1 → Which is your most preferred brand among the given options?\*

Choose the brand based solely on the mobiles manufactured by them, that could be based on build quality, features that you like etc.

☐ A Samsung

☐ B Apple

☐ C Others

☐ D Depends on the product not brand

2 → Please choose your most preferable purchase channel\*

0 of 22 answered

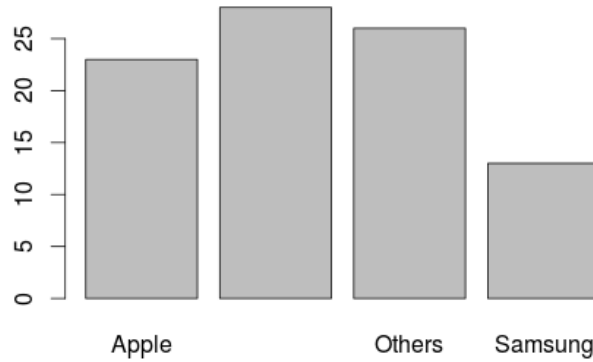
Create your own typeform...



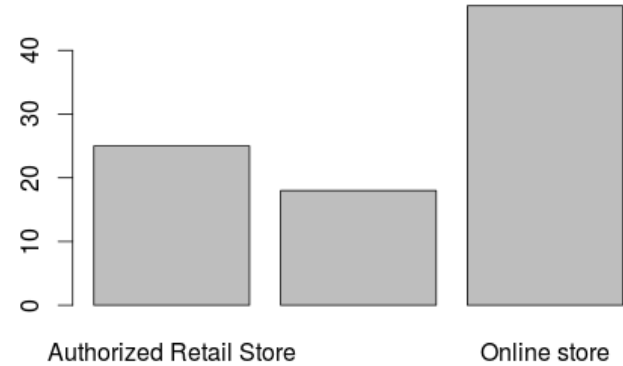


# Customer Preferences

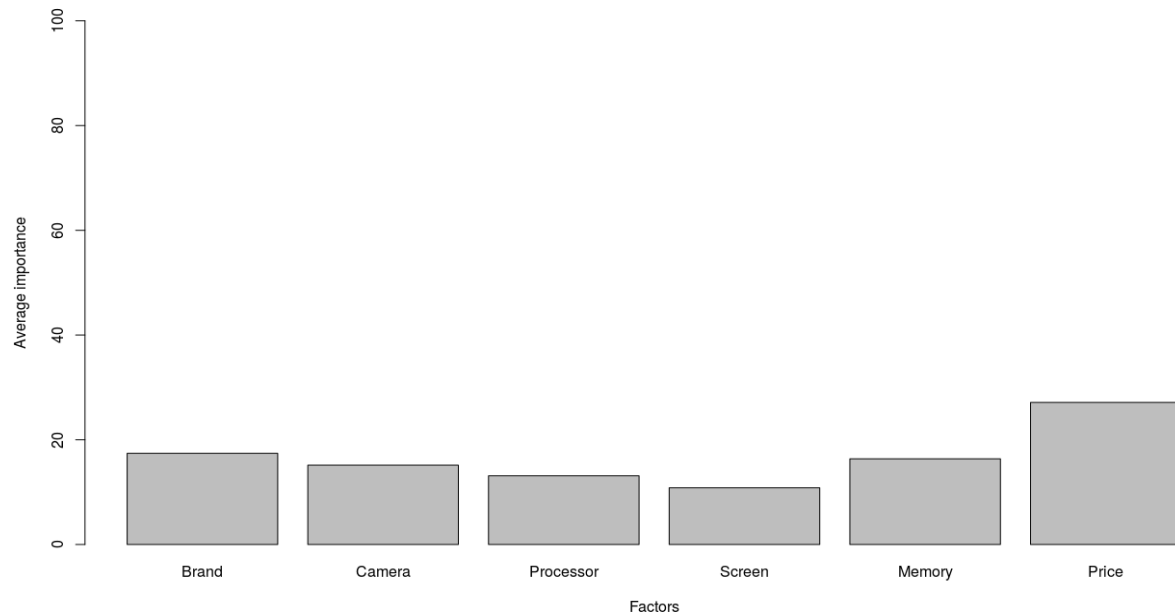
**Brand Preference of Customers**



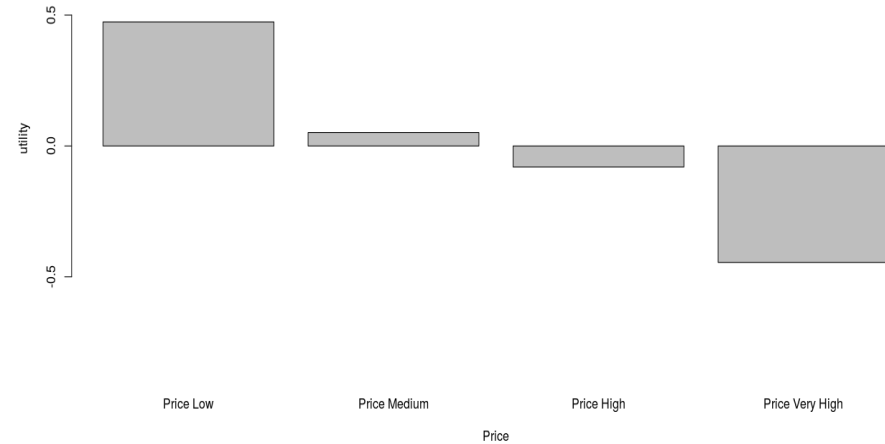
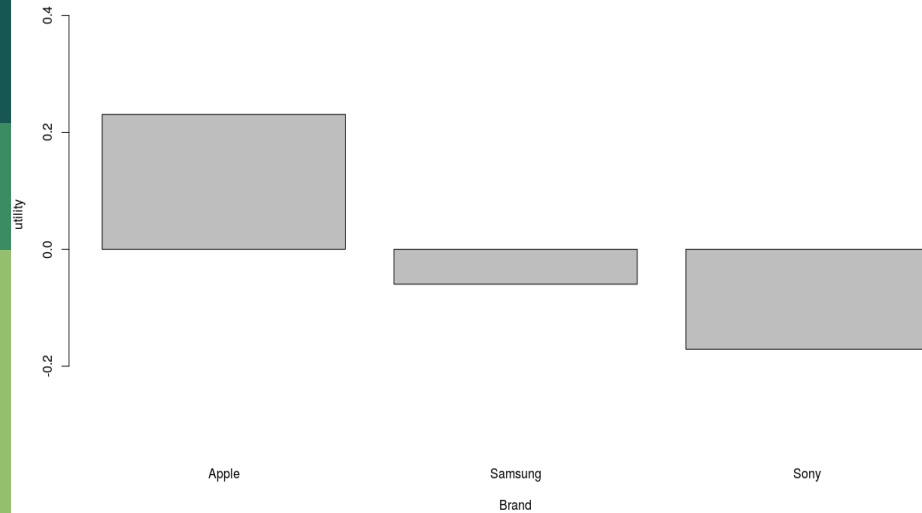
**Channel Preference of Customers**



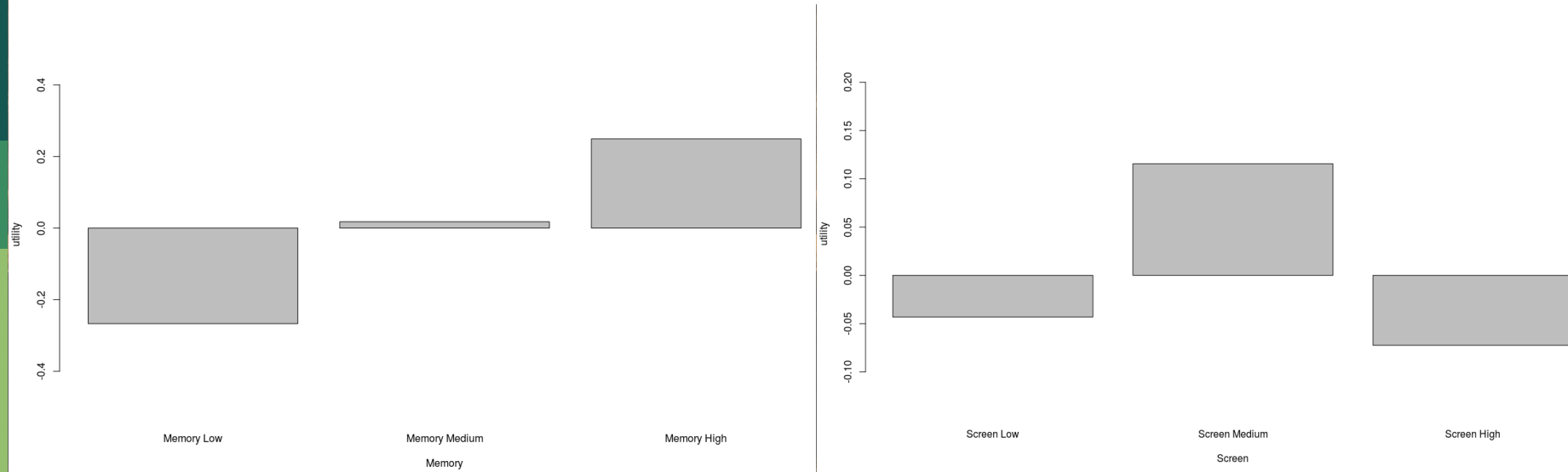
## Valuation of attributes



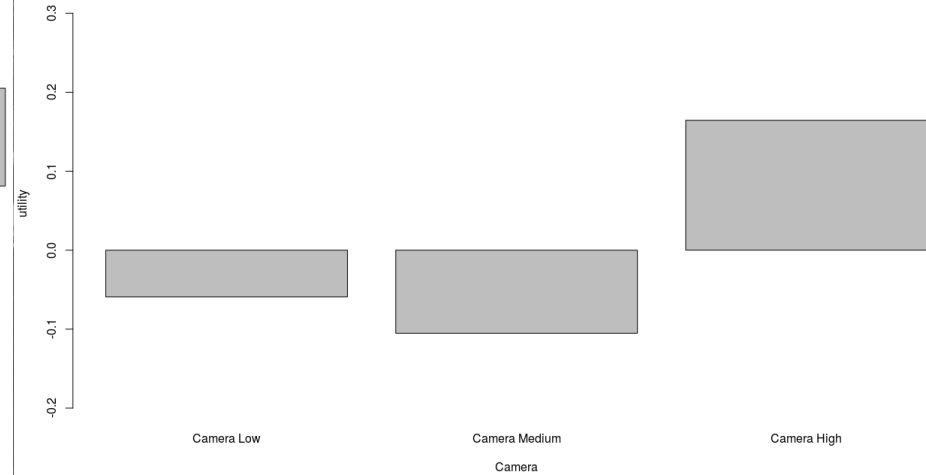
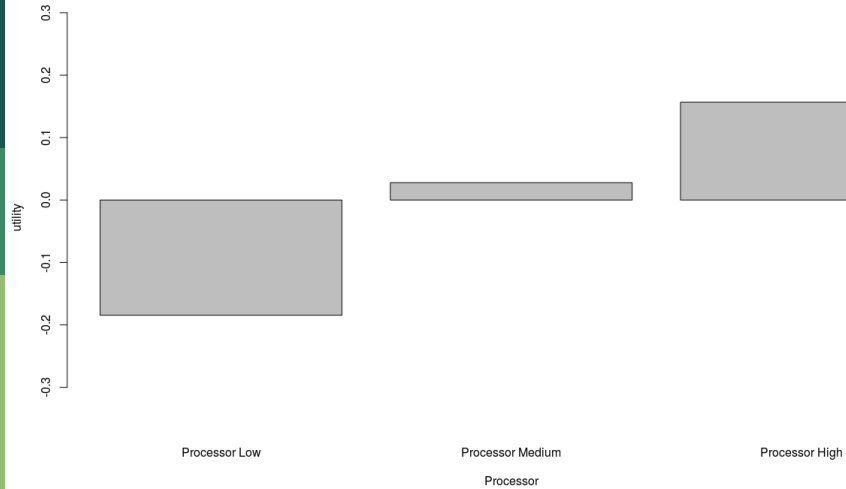
# Conjoint Analysis Results



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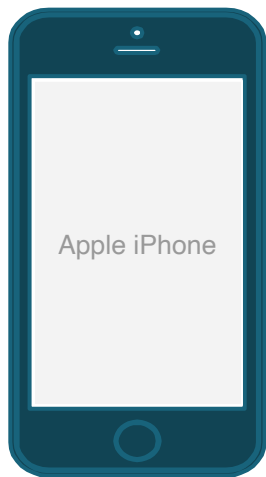


# 4

## Optimal Price

Recommendations

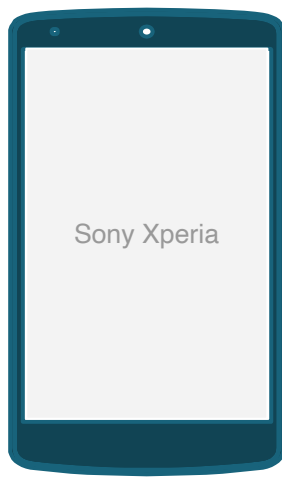
## Conjoint - Utility score



**2.68**



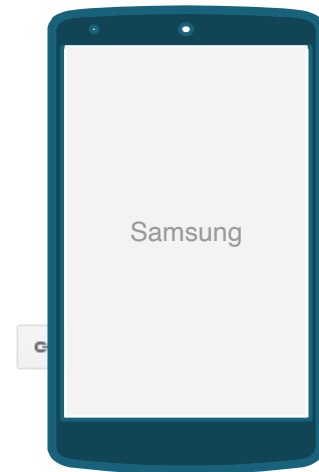
**0.06%**



**2.94**



**4.4%**



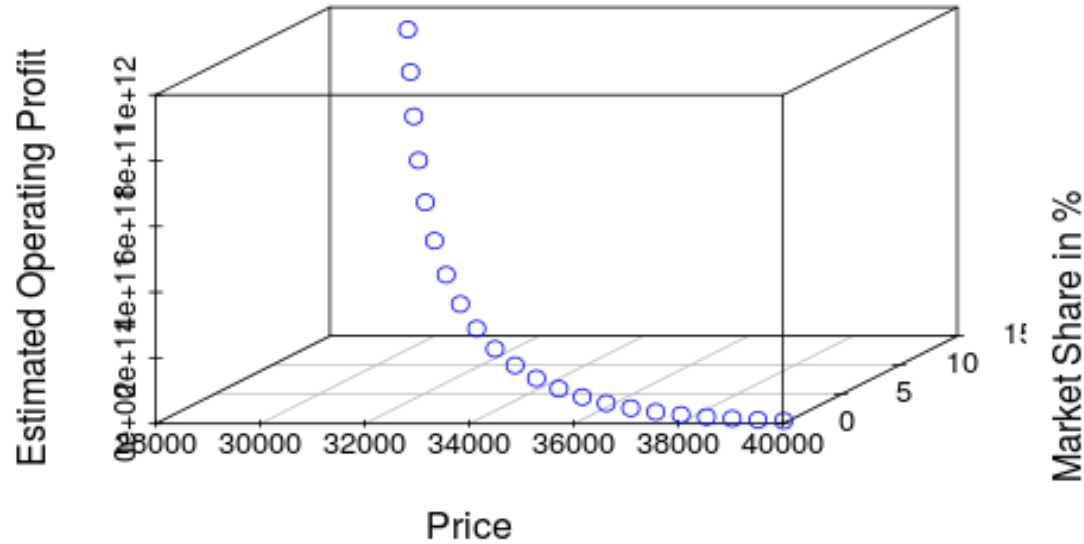
**3.05**



**24.8  
%**

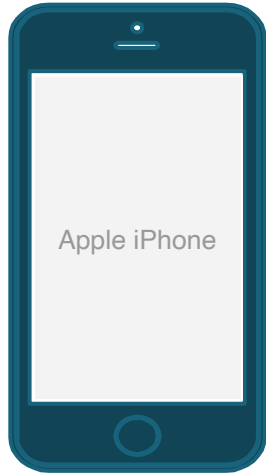
We need to set lower price to increase utility score!!

### Profit Vs. Price and Market Share





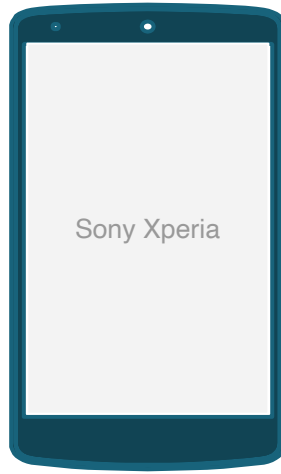
## Discrete Choice - Brand Equity and Price Sensitivity



4.87



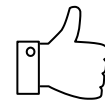
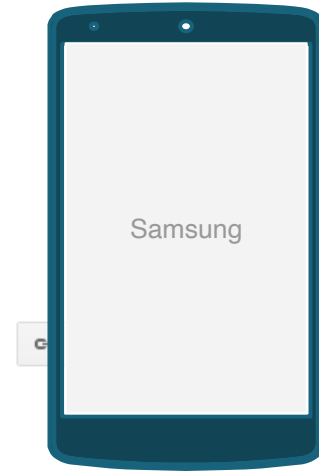
-0.013



2.96



-0.012



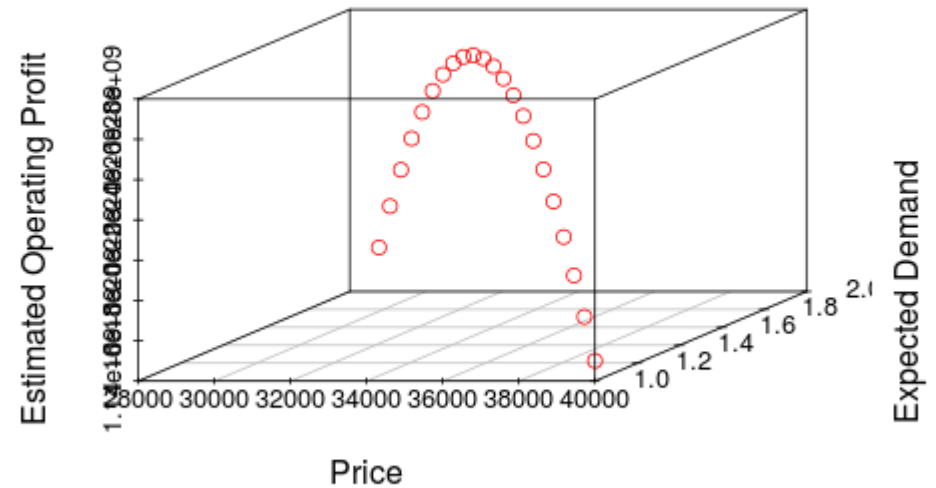
3.12



-0.010

## Discrete Choice - Revenue Maximization

Profit Vs. Price and Demand





# Optimal Price

Our Recommendations





**13.37**

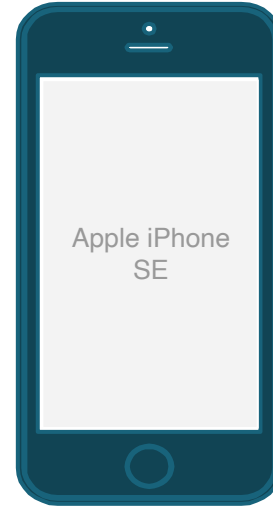
**%**



**14,573,300**



**₹ 29,886**



**9.12%**



**9,940,800**



**₹ 31,000**

If we are focusing only on revenue and profit

₹ 34,500



25591X profit

That's a lot of money



1.68% market share

**THANK YOU!**