

A Lesson on Market Pricing By Someone Who Knows Nuts about Economics

Generally speaking, the higher the price, the lesser the demand; the lower the price, the greater the demand.

A product's price is simply a financial expression of its value.

From a consumer's viewpoint, a good deal is one where money is traded for a product which he or she perceives will bring greater value in return.

So in a market swarmed with competitors, suffice it to say not every vendor and free agent is raking in the dough.

Look at the Smartphone / Tablet market. The fight to death to win control of the majority of the market share is being battled out between Apple and Samsung as we speak.

Why only Apple and Samsung... Why not Nokia too?

I, for one, think the Nokia E70 to be greater than an iPhone. Less fun, yes, but no doubt more powerful. And cheaper. And more value-for-money.

But you've probably never even heard of the Nokia E70 until now.

See, not only does the Nokia E70 come with features which can be found in every other smartphone out there such as an MP3 player, IMAP and POP3 capabilities, full web connectivity, yadda, yadda, yadda ... **It even lets you run terminal software to Telnet or SSH into remote servers.**

And what this means for non-geeky people is this: With a Nokia E70, you could probably defuse an atomic bomb while holidaying in the Maldives. Or you can reboot your web server if you want.

I'm not even sure how much the phone costs now... The thing is, you could probably get it for dirt cheap.

But the million dollar question is this: Would you?

Would you give up your swanky iGadget for another phone which almost none of your friends and family have ever heard of before?

You wouldn't, right?

And that's because the perceived value of an iGadget is way higher than that of a Nokia phone.

Apple products have brought much joy and connectivity between friends and loved ones. The way it is perceived to have enriched one's life is what makes consumers brave rain and shine to queue up on launch day.

What exactly do people mean when they claim a product or service to be over-priced or under-priced?

Can we even quantify value?

Claiming we can quantify value is akin to saying we can likewise quantify beauty, good, evil, democracy, happiness, sadness, freedom, etc.

And if value can really be quantified, then why are people still shelling out a thousand bucks for an iPhone? (I am referring to the purchase of an iPhone with no contract.)

Because it comes with the best specs? No, it doesn't.

Because it's user-friendly? Probably. But so are most smartphones in today's market.

Because it just looks sleek? Say, what? Dropping a grand for beauty over performance every other launch day?

You know, there is a growing need for best-in-class, value-added service in every profitable sector on earth. And what's important is the science behind a customer's motivation to purchase, and how satisfied they are with the product (i.e. did it satisfy their needs / wants?)

And that's why, in my very humble opinion, the only people who are qualified to make an assessment about whether a service provider is over-priced or under-priced, are the people who have actually tried out the product or service first-hand before passing judgments.

If you deem a service provider to be over-priced, fair enough. All you need to do is to stand aside, and let public opinion hang said provider eventually.