

Course



Price Formation

First



- Price refers to the value of a good or service.
- Price is generally expressed in monetary units.
- In other words, price is the value that an individual is willing to pay in return for the transfer of a good or service

So



**Price (or cost) is the value of any product or service
.expressed in monetary terms**

while



Pricing (La cotation)

It is determining the selling price of the product, and it affects the competitive position of the project and its share of the market and thus the profits that can be achieved. The person conducting the marketing feasibility study must pay attention to studying the factors affecting its determination .

Types of prices

As for the typology of prices, depending on the object concerned, the scope and method of determining the price varies. There are different types of prices:

- the purchase price. (سعر الشراء)
- the sale price (سعر البيع) which indicates the price at which a trader declares that he is willing to sell the thing and which must not be lower than the cost price (legal prohibition of selling at a loss);
- the cost price, (سعر العائد) supposed to reflect all the expenses related to inputs and the manufacturing of a product or service;
- the acceptability price (سعر القبول) or psychological price, which defines the price that a large part of the clientele finds justified for the acquisition of a good or service;
- the transfer price, which indicates the price at which a transfer is invoiced between two services of the same company or between two subsidiaries of the same group.

Factors affecting



Internal factors

- The objectives to be achieved by the project to achieve the maximum possible return on invested funds or flood the markets.
- The availability of financial, human and natural resources.
- The cost of producing goods.
- Elements of the marketing mix

External factors

- Demand.
- Competition, general economic conditions.
- Prevailing pricing practices.
- Law and government decisions