Internal Factors	External Factors
1. Cost While fixing the prices of a product, consider the cost involved in producing the product. This cost includes both the variable and fixed costs (see below) which the business needs to recover and still make a profit.	**1. Competition** While fixing the price of the product, consider the degree of competition in the market. If there is high competition, the prices may be kept low to effectively face the competition, and if competition is low, the prices may be kept high. (Refer to the Blue Ocean Strategy)
2. The predetermined objectives While fixing the prices of the product, the marketer should consider the objectives of the business. For instance, if the objective is to increase return on investment, then it may charge a higher price, and if the objective is to capture a large market share, then it may charge a lower price.	**2. Consumers** The consumer factors that must be considered includes the price sensitivity of the buyer, purchasing power, and so on.
3. Image of the firm The price of the product may also be determined on the basis of the image of the firm in the market. For instance, Apple can demand a higher price for their brand because of their image.	**3. Government control** Government rules and regulation must be considered while fixing the prices as they may add levies/taxes on certain products.
4. Product life cycle The stage at which the product is in its product life cycle also affects its price. During the introductory stage the price may be lower to attract the customers, and during the growth stage it may be higher.	**4. Economic conditions** Consider the economic condition prevailing in the market while fixing the prices. The consumer may have less money to spend during a recession, therefore price reduction may need to be reduced in order to influence the buying decision of the customer.
5. Credit period offered The product price is also affected by the credit period offered by the business. The longer the credit period, the higher the price, and the shorter the credit period, the lower the price.	**5. Channel intermediaries** The marketer must consider a number of channel intermediaries in the supply chain and their expectations. The longer the chain of intermediaries, the higher would be the prices of the goods.
6. Promotional activity The business promotional activity also determines the price. If the firm incurs heavy advertising and sales promotion costs, then the pricing of the product will be higher in order to recover the cost.	