



**PAMIBIA UNIVERSITY**  
OF SCIENCE AND TECHNOLOGY

**FACULTY OF COMMERCE, HUMAN SCIENCES AND EDUCATION**  
**DEPARTMENT OF MARKETING, LOGISTICS AND SPORT MANAGEMENT**

<b>QUALIFICATION : BACHELOR OF MARKETING</b>	
<b>QUALIFICATION CODE: 07MARB</b>	<b>LEVEL: 7</b>
<b>COURSE CODE: PPM712S</b>	<b>COURSE NAME: PRODUCT PRICING MANAGEMENT</b>
<b>SESSION: JULY 2024</b>	<b>PAPER: THEORY</b>
<b>DURATION: 3 HOURS</b>	<b>MARKS: 100</b>
<b>SECOND OPPORTUNITY EXAMINATION PAPER</b>	
<b>EXAMINER(S)</b>	MR. C. KAZONDOVI DR. E. SIMATAA
<b>MODERATOR:</b>	MS. L. PRINZONSKY
<b>INSTRUCTIONS</b>	
<ol style="list-style-type: none"><li>1. Answer ALL the questions.</li><li>2. Write clearly and neatly.</li><li>3. Number the answers clearly.</li><li>4. Use the table provided on page [5] to answer Questions 5 and Questions 6 : Detach and insert into your answer booklet</li><li>5. Write as legible as possible, and as precise as possible</li><li>6. Read each question carefully</li><li>7. Use a non-programmable calculator (STRICTLY NO USE OF CELLPHONE/MOBILE CALCULATOR)</li><li>8. Round of your answers to two (2) Decimal places.</li></ol>	

**THIS QUESTION PAPER CONSISTS OF 5 PAGES** (Including this front page)

**Question 1****[20 marks]**

Discuss five (5) factors that influence how Price plays a Role in the:

1.1) Product Strategy of the Marketing Mix, with examples from any company of your choice. (10 marks)

1.2) Promotion Strategy of the Marketing Mix, with examples from any company of your choice. (10 marks)

**Question 2****[20 marks]**

2.1) In their book, *The Strategy and Tactics of Pricing*, Thomas Nagle and Reed Holden outline nine "laws" or factors that influence price-sensitivity.

a.) Explain the Concept of price-sensitivity. (2 marks)

b.) Discuss the nine (9) laws with examples to support your discussion (9 x 2 = 18 marks)

2.2) Discuss the importance of Price to an organisation while taking into consideration the other Marketing Mix Elements with relevant examples. (20 marks)

**Question 3 (Show all calculations)****[10 marks]**

Peter John, owner of T-shirts Incorporated, knows his customer will pay no more than N\$150-00 for a T-shirt. Peter John wants to advertise the T-shirt as percent markup on cost.

What is the equivalent rate of percent markup on cost compared to the 40% markup on selling price? Show all calculations including the conversions on how the percent markup on cost is equivalent to the 40% markup on selling price. (10 marks)

**Question 4 (Show all calculations)****[20 marks]**

Use the available data to complete the table below, round of to two (2) decimal places.

	Price (N\$)	Marginal Cost (N\$)	Mark-up on cost (%)	Mark-up on price (%)
4.1	170	?	49.00	?
4.2	153	42	?	?
4.3	?	172	?	45.00
4.4	666	?	58.00	?
4.5	1455	?	?	38.00
4.6	?	1756	23.44	?
4.7	?	3991	?	61.00
4.8	2881	?	?	33.00
4.9	7124	?	19.28	?
4.10	?	5544	?	38.00

**Question 5**

**[15 marks]**

**True or False Questions**

Use the table provided on [page 5] to answer these questions, detach and insert it into your answer booklet. 1.5 mark will be awarded for each correct answer.

5.1 Converting percent markup on cost to percent markup on selling price:

% Ms = % markup on cost

----- X 100%

100% - % markup on cost

5.2 Converting percent markup on selling price to percent markup on cost:

% Mc = % markup on selling price

----- X 100%

100% - Markup on cost

5.3 There are a lot of examples of perfect competition and pure monopoly.

5.4 Conditions necessary for a monopoly includes being a single seller of product, having no close substitutes and having significant barriers to entry.

5.5 Price Discrimination has identifiable customer groups with differing price inelasticities.

5.6 Limit pricing set prices low as signal to possible entrants or other competitors of your willingness and ability to defend your market share.

5.7 The Oligopolist does not recognise interdependence in pricing and output decisions.

5.8 The inverse relationship between the quantity of a good desired by people in a market and the factors that affect that the quantity desired is referred to as the demand for the product.

5.9 In price competition, a seller rarely offers products priced as low as possible and accompanied by a minimum of services.

5.10 Many firms would prefer to engage in non-price competition by building brand equity and relationships with customers.

**Question 6**

**[15 marks]**

**Multiple Choice Questions**

Use the table provided on [page 5] to answer these questions, detach and insert it into your answer booklet. 1.5 mark will be awarded for each correct answer.

6.1 The relationship between the quantity supplied of a good and the price of that good is referred to as the \_\_\_\_\_ curve

- A) supply
- B) demand
- C) sales
- D) costs
- E) None of the above

6.2 Which of the following factors is spurring a new movement in pricing toward dynamic pricing?

- A) the federal government
- B) strong retailers
- C) the Internet
- D) strong wholesalers
- E) all of the above

6.3 Before setting price, the company must decide on its strategy most likely for:

- A) distribution
- B) promotion
- C) the environment
- D) the product
- E) all of the above

6.4 Companies set \_\_\_\_\_ as their major objective if they are troubled by too much capacity, heavy competition, or changing consumer wants.

- A) current profit maximization
- B) survival
- C) market share leadership
- D) product quality leadership
- E) all of the above

6.5 Pricing to cover variable costs and some fixed costs, as in the case of some automobile distributorships that sell below total costs, is typical of which of the following pricing objectives?

- A) current profit maximization
- B) product quality leadership
- C) market share leadership
- D) survival
- E) none of the above

6.6 When a company sets a price for a new product on the basis of what it thinks the product should cost, then develops estimates on what each component should cost to meet the proposed price with an acceptable profit margin, the company is practicing:

- A) predatory pricing
- B) target costing
- C) strategic pricing
- D) low cost leadership
- E) none of the above

6.7 With respect to the demand curve (in the normal case), demand and price are:

- A) directly related
- B) parallel
- C) inversely related
- D) related only through "the invisible hand" of the market place
- E) none of the above

6.8 All of the following are considered to be forms of a cost-based approach to pricing

EXCEPT:

- A) cost-plus pricing
- B) break-even analysis
- C) going-rate pricing
- D) target profit pricing
- E) none of the above

6.9 Markup pricing remains popular in the marketplace. Which of the following is most likely a reason for this popularity?

- A) Cost-plus pricing favors the best price.
- B) Standard markups make the most sense.
- C) Cost-plus pricing is fairer to both buyers and sellers.
- D) The method focuses on demand as its base.
- E) All of the above

6.10 Which of the following would be considered to be one of the major faults of break-even analysis and target profit pricing?

- A) They do not take into account the price-demand relationship.
- B) They are very complicated to calculate.
- C) There are serious time lags in the calculations.
- D) Most managers do not have confidence in the methods.
- E) All of the above

**THE END**

**ANSWER SHEET**

**Question 5**

**[Total: 10 X 1.5 = 15 Marks]**

	<u>True</u>	<u>False</u>
5.1		
5.2		
5.3		
5.4		
5.5		
5.6		
5.7		
5.8		
5.9		
5.10		

**Question 6**

**[Total: 10 X 1.5 = 15 Marks]**

	<u>A</u>	<u>B</u>	<u>C</u>	<u>D</u>	<u>E</u>
6.1					
6.2					
6.3					
6.4					
6.5					
6.6					
6.7					
6.8					
6.9					
6.10					

**STUDENT NAME & STUDENT NO:** \_\_\_\_\_

**LECTURER NAME:** \_\_\_\_\_

2

Handwritten signature or mark in blue ink, possibly reading "Handwritten" or similar.