



NAMIBIA UNIVERSITY
OF SCIENCE AND TECHNOLOGY

FACULTY OF COMMERCE, HUMAN SCIENCE AND EDUCATION

DEPARTMENT OF MARKETING, LOGISTICS AND SPORT MANAGEMENT

QUALIFICATION: BACHELOR OF MARKETING	
QUALIFICATION CODE: 07MARB	LEVEL: 7
COURSE CODE: PPM712S	COURSE NAME: PRODUCT PRICING MANAGEMENT
SESSION: NOVEMBER 2022	PAPER: THEORY
DURATION: 3 HOURS	MARKS: 100
SECOND OPPORTUNITY EXAMINATION QUESTION PAPER	
EXAMINER(S)	MR. C. KAZONDOVI MR. D. KANDJIMI
MODERATOR:	DR. E. SIMATAA

INSTRUCTIONS

1. Answer ALL the questions.
2. Write clearly and neatly.
3. Number the answers clearly.
4. Use the tables provided on page [6] to answer Questions 6 & 7:
Detach and insert into your answer booklet.
5. Write as legible as possible, and as precise as possible.
6. Read each question carefully.
7. Use a non-programmable calculator (STRICTLY NO USE OF
CELLPHONE/MOBILE CALCULATOR).
8. Round your answers to two (2) Decimal places.

THIS QUESTION PAPER CONSISTS OF 6 PAGES (Including this front page)

Question 1**[15 marks]**

Sales-orientated Pricing Objectives are based either on market share or on Dollar (N\$) values or unit sales. Consider Table 1 below showing data on four firms.

Table 1

Company	Units Sold	Unit price (R/N\$)	Total Revenue (R/N\$)	Unit market share (%)	Revenue market share (%)
A	1 525 125	1.25	?	?	?
B	322 245	4.88	?	?	?
C	576 676	2.39	?	?	?
D	133 876	3.49	?	?	?
Total	?	?	?	?	?

You are required:

1.1 To complete the table by calculating the missing values. Show all workings. (10 marks)

1.2 Comment on your findings. (5 marks)

Question 2**[10 marks]**

You are a Marketing Manager for "We are You Electronics". Assume that in 2022 "We are You Electronics" had assets of N\$ 6 564 565-33, net profits after tax of N\$ 325 812-96, and a target ROI of 12-25 per cent. You are required to:

2.1 Calculate the actual return on investment (ROI). (5 marks)

2.1 Comment on the result arrived at in 2.1. (5 marks)

Question 3**[15 marks]**

Businesses may benefit from lowering or raising prices, depending on the needs and behaviours of customers and clients in the particular market. Finding the right pricing strategy is an important element in running a successful business. A business can use a variety of pricing strategies when selling a product or service. Describe with examples the following pricing models:

3.1 Yield management pricing (3 marks)

3.2 Congestion pricing (3 marks)

3.3 Variable pricing (3 marks)

3.4 Time-based pricing (3 marks)

3.5 Absorption pricing (3 marks)

Question 4**[10 marks]**

Clearly distinguish between Oligopoly and Monopolistic competition with specific examples.

Question 5**[20 marks]**

5.1 The selling price of a ballpoint pen is N\$ 75-23 and the shopkeeper used a markup of 25-50. What is the cost of the ballpoint pen? (2 marks)

5.2 A calculator is sold for N\$42-00, which is 140% of cost. How much is the store's cost? (2 marks)

5.3 A car part dealer pays N\$9.28 per 15 litres of windshield washer fluid and the markup is 33% on selling price. Find the selling price. (2 marks)

5.4 It's the end of the model year, and the new cars are about to arrive. The dealer decides to reduce the price of the car you want from N\$200 000-00 to N\$185 000-00 to try to sell it before the new cars arrive. What's the markdown percent? (2 marks)

5.5 Penembo's starting price for her T-Shirts is N\$ 130-95. If she wants to decrease her prices to N\$ 99.95, how much of a markdown in percentage does she need? (2 marks)

5.6 Based on Question 5.5 above, what if Penembo wanted to calculate the T-shirt price based on a percentage markdown? What if she wanted to only mark down her prices by 20%? How much would her T-shirts cost then? (2 marks)

5.7 The 30% discount on a tennis racket amounts to N\$89-70. Compute the list/original selling price and the net price after discounts. (2 marks)

5.8 Jet stores can cover its cost and make a reasonable profit if it sells a shirt for N\$ 125-55. At what price should the article be listed so that a discount of 25% can be allowed? (2 marks)

5.9 An item listed at N\$150-00 is subject to the discount series 20%, 10%, and 5%. Determine the net price. (2 marks)

5.10 A retail kiosk has listed a pair of sunglasses for N\$136-00 less 30%. A department store in the shopping mall lists the same model for N\$126-00 less 20%, less an additional 15%. What additional rate of discount must the kiosk give to meet the department store price? (2 marks)

Question 6**[15 marks]****True or False Questions**

Use the table provided on [page 6] to answer these questions. Detach and insert it into your answer booklet. 1.5 mark will be awarded for each correct answer.

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

$$\begin{aligned} \% Ms &= \% \text{ markup on cost} \\ \text{-----} & \times 100\% \\ 100\% - \% \text{ markup on cost} \end{aligned}$$

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

$$\begin{aligned} \% Mc &= \% \text{ markup on selling price} \\ \text{-----} & \times 100\% \\ 100\% - \text{Markup on cost} \end{aligned}$$

- 6.3 There are a not really a lot of examples of perfect competition and pure monopoly.
- 6.4 Conditions necessary for a monopoly includes being a single seller of product, having no close substitutes and having significant barriers to entry.
- 6.5 Price discrimination is the practice of setting a different price for the same product in the same segments of the market.
- 6.6 Limit pricing set prices low as signal to possible entrants or other competitors of your willingness and ability to defend your market share.
- 6.7 The Oligopolist recognise interdependence in pricing and output decisions.
- 6.8 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.
- 6.9 Premium pricing is the practice of keeping the price of a product or service artificially high in order to encourage favourable perceptions among buyers, but not necessarily based on the price.
- 6.10 Many firms would prefer to engage in non-price competition by building brand equity and relationships with customers.

Question 7

[15 marks]

Multiple Choice Questions

Use the table provided on [page 6] to answer these questions, detach and insert it into your answer booklet. 1.5 mark will be awarded for each correct answer.

- 7.1 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
- 7.2 Throughout most of history, prices were set by _____.
- A) fixed-price policies constructed by sellers
 - B) negotiation between buyers and sellers
 - C) governments and regulatory agencies
 - D) ruling monarchs
 - E) None of the above
- 7.3 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 these
- 7.4 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 these

- 7.5 _____ is the practice of charging different prices depending on individual customers and situations.
- A) Fixed-pricing
 - B) Standard-pricing
 - C) Barter-pricing
 - D) Dynamic pricing
 - E) none of these
- 7.6 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 these
- 7.7 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) going-rate pricing
 - E) survival
- 7.8 Choosing a price based upon its short-term effect on current profit, cash flow, or return on investment reflects which of the following pricing objectives?
- A) current profit maximization
 - B) product quality leadership
 - C) market share leadership
 - D) survival
 - E) going-rate pricing
- 7.9 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 these
- 7.10. _____ set(s) the floor for the price that the company can charge for its product.
- A) Supply
 - B) Demand
 - C) Costs
 - D) Nonprofit factors
 - E) none of these

GRAND TOTAL = 100

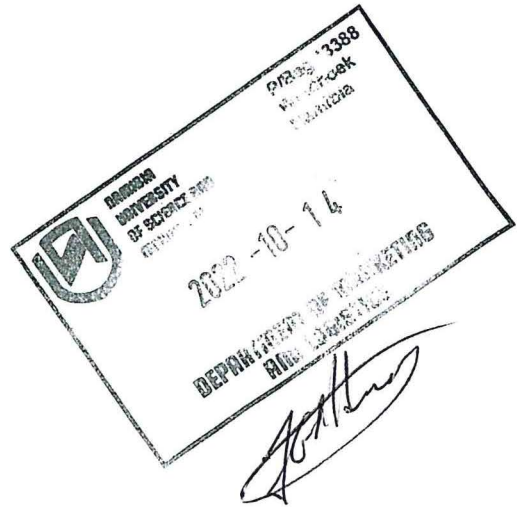
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ANSWER SHEET

Question 6

[Total: 10 X 1.5 = 15 Marks]

	<u>True</u>	<u>False</u>
6.1		
6.2		
6.3		
6.4		
6.5		
6.6		
6.7		
6.8		
6.9		
6.10		



Question 7

[Total: 10 X 1.5 = 15 Marks]

	<u>A</u>	<u>B</u>	<u>C</u>	<u>D</u>	<u>E</u>
7.1					
7.2					
7.3					
7.4					
7.5					
7.6					
7.7					
7.8					
7.9					
7.10					

STUDENT NAME & STUDENT NO: _____