



**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: 07BMAK</b>	<b>LEVEL: 7</b>
<b>COURSE CODE: PPM712S</b>	<b>COURSE NAME: PRODUCT PRICING MANAGEMENT</b>
<b>SESSION: JUNE 2025</b>	<b>PAPER: THEORY</b>
<b>DURATION: 3 HOURS</b>	<b>MARKS: 100</b>
<b>SECOND OPPORTUNITY EXAMINATION QUESTION PAPER</b>	
<b>EXAMINER</b>	MR. C. KAZONDOVI
<b>MODERATOR:</b>	MS. L. PRINZONSKY

**INSTRUCTIONS**

1. Answer ALL the questions.
2. Write clearly and neatly.
3. Number the answers clearly.
4. Use the tables provided on page [8] 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 of your answers to two (2) Decimal places.

**THIS QUESTION PAPER CONSISTS OF 8 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 (%)
Alpha	1,200,000	1.00	?	?	?
Beta	250,000	3.50	?	?	?
Gamma	450,000	2.20	?	?	?
Delta	300,000	4.00	?	?	?
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****[15 marks]**

You are the Marketing Manager at *Desert Bloom Fragrances*, a proudly Namibian perfume manufacturing company based in Swakopmund. In 2024, the company recorded total assets of N\$6.2 million and achieved net profits of N\$465,000 for the financial year. The Board of Directors had set a target Return on Investment (ROI) of 8% for the year under review.

2.1 Using the information provided, calculate the actual Return on Investment (ROI) achieved by *Desert Bloom Fragrances* for 2024. (5 marks)

2.2 Based on your result in 2.1, evaluate the company's performance in terms of return on assets. What strategic pricing or marketing decisions would you recommend to improve or sustain profitability? (5 marks)

2.3 Identify and briefly explain any two (2) pricing strategies that *Desert Bloom Fragrances* could adopt in the future to help improve its Return on Investment (ROI). Your suggestions must align with the nature of the perfume industry and the Namibian market environment. (5 marks)

**Question 3****[10 marks]**

Examine the significance of pricing for an organisation of your choice. In your answer, detail how pricing influences the organisation's strategy and operations, and support your discussion with specific examples.

**Question 4****[10 marks]**

The type of market in which a firm competes constraints the setting of price. It is therefore essential for marketers to identify the different strategies in the four competitive situations. Your Chief Executive has tasked you the Marketing Manager to write a memorandum to him detailing the strategies available to you by answering the following questions:

Discuss how the market structure in which a firm operates limits its pricing decisions. As the Marketing Manager of a Namibian-based company, you are required to prepare a memorandum for your Chief Executive. In your memorandum, explain the pricing strategies that can be applied under the four competitive situations.

4.1 What are the four competitive situations/markets? (2 marks)

4.2 Describe and give a Namibian example of a firm in the four competitive situations/markets (2 marks)

4.3 What is the price competition in each of the four competitive situations/markets? (2 marks)

4.4 How do you handle product differentiation under each of the four competitive situations/markets? (2 marks)

4.5 What is the extent of advertising in each of the four competitive situations/markets? (2 marks)

**Question 5****[20 marks]**

5.1 Siphon from Windhoek purchases a smartphone from MobiTech Solutions for N\$1,500 and plans to resell it for N\$2,250.

- a) What is the dollar mark-up?
- b) What is the percentage mark-up on cost? (2 marks)

5.2 Deli Shoes Inc. in Johannesburg sells sneakers for N\$60 each. To achieve the target profit, they require a 45% mark-up on cost.

- a) Calculate the cost per pair of sneakers.
- b) Determine the dollar mark-up. (2 marks)

5.3 Tumi, a retailer in Cape Town, sells designer sunglasses. Her competitor offers similar sunglasses at N\$40 each. To be competitive, Tumi wants a 35% mark-up on cost. Determine the maximum cost per pair Tumi can pay. (2 marks)

5.4 Using the same figures as in 5.1, Siphos smartphone was purchased at N\$1,500 and is sold at N\$2,250. Compute the dollar mark-up as a percentage of the selling price. (2 marks)

5.5 Thabo, who operates a jewellery boutique in Namibia, buys earrings for N\$85 each and marks them up by 45% on the selling price.

- a) What is the selling price of each pair of earrings?
- b) What is the dollar mark-up? (2 marks)

5.6 Nkosazana, a retailer in Durban, sells branded wallets. Her competitor offers wallets at N\$35 each. To remain competitive, she decides on a 40% mark-up on selling price.

- a) What is the maximum cost per wallet she can afford?
- b) What is the corresponding dollar mark-up? (2 marks)

5.7 Lerato sells coffee machines that retail at N\$50 each while her cost per machine is N\$30.

- a) Determine her percent mark-up on cost.
- b) Determine her percent mark-up on selling price. (2 marks)

5.8 Bongsi purchased a study desk for N\$500 for her home office and initially set a 28% mark-up on selling price. After one week, she discounted the price by 7%, then increased it by 4% the following week, and finally reduced it by 5% during an inventory clearance. What is the Current Price? What is the Markdown Percent? (2 marks)

5.9 A South African fruit retailer has 60 dozen apples. Expecting a 25% spoilage rate, the effective cost per dozen is adjusted. If each dozen originally costs N\$1.50, and the seller desires a 65% mark-up on cost, what should be the selling price per dozen? (2 marks)

5.10 Global Threads Inc. manufactures t-shirts that sell for N\$20 each. The variable cost per t-shirt is N\$13.50, and the firm's total fixed costs amount to N\$7,200. Calculate the break-even point in units. (2 marks)

## Question 6

### True or False Questions

[10 x 1.5 = 15 Marks]

6.1 A method for converting a cost based mark-up to a selling price based markup involves multiplying the cost mark-up percentage by 100 and then dividing by (100 plus that percentage).

6.2 One may obtain the cost-based markup percentage from the selling price-based markup by dividing the selling price mark-up percentage by (100 plus the selling price markup) and multiplying by 100.

6.3 It is common in real-world markets to observe perfect competition or absolute monopoly, with many industries clearly exhibiting these ideal conditions.

6.4 A market qualifies as a monopoly if it is dominated by a single seller, there are no close substitute products, and significant barriers to entry exist for potential competitors.

6.5 Price discrimination is a strategy where a firm segments its customers into distinct groups based on differences in their responsiveness to price changes, thereby justifying varying prices for the same product.

6.6 Limit pricing is a strategy in which a firm sets higher-than-normal prices to signal robust market power and deter prospective entrants from entering the market.

6.7 It is typical for an oligopolistic firm to disregard the pricing and output choices of its competitors, assuming these decisions have little impact on its own market performance.

6.8 The fundamental law of demand asserts that, all else equal, an increase in the price of a product will lead to a decrease in the quantity demanded.

6.9 In markets characterised by intense price competition, sellers frequently offer their products at the absolute lowest possible price, accompanied by a minimal level of service.

6.10 Many firms choose to concentrate on non-price competition strategies—such as building brand equity and nurturing customer relationships—rather than engaging in aggressive price reductions.

## Question 7

### Multiple Choice Questions

[10 x 1.5 = 15 Marks]

7.1 A small Namibian bakery in Rundu uses penetration pricing to introduce a new line of health muffins. What is the primary goal of using penetration pricing?

- A. To recover all fixed and variable costs rapidly
- B. To increase profit margins from the start
- C. To quickly gain market share by setting a low price
- D. To signal high quality to upper-income consumers
- E. To avoid government price controls

7.2 In Botswana, a furniture retailer offers discounts during the holiday season. This is an example of:

- A. Dynamic pricing
- B. Prestige pricing
- C. Promotional pricing
- D. Geographical pricing
- E. Bundle pricing

7.3 A Tanzanian maize mill uses psychological pricing and sells a 10kg bag for 99.95 Tanzanian Shilling. This technique is used to:

- A. Signal superior quality
- B. Avoid tax thresholds
- C. Appear more affordable than a rounded price
- D. Simplify accounting records
- E. Avoid legal implications of pricing deception

7.4 In global software markets, companies like Adobe or Microsoft offer lower prices for educational institutions. This is an example of:

- A. Penetration pricing
- B. Price skimming
- C. Geographic pricing
- D. Segmented pricing
- E. Competitive pricing

7.5 An Indian smartphone brand enters the African market by setting high initial prices to attract status-conscious early adopters. This strategy is known as:

- A. Value-based pricing
- B. Psychological pricing
- C. Price skimming
- D. Demand-based pricing
- E. Bundled pricing

7.6 A South African fast-food chain offers a combo meal (burger, fries, and drink) at a lower price than the total cost of individual items. This pricing approach is referred to as:

- A. Loss-leader pricing
- B. Bundle pricing
- C. Product line pricing
- D. Optional pricing
- E. Captive pricing

7.7 A Zambian solar power company offers a low upfront payment and recovers costs through monthly instalments at a mark-up. This pricing method is suitable for:

- A. Cash-rich customers
- B. Government contracts
- C. B2B deals
- D. Price-sensitive, low-income consumers
- E. High-margin luxury buyers

7.8 Which of the following statements about value-based pricing is most accurate?

- A. It ignores production costs and relies solely on intuition
- B. It sets prices according to the competitor's cost structure
- C. It charges what the customer believes the product is worth
- D. It ensures standard margins across all products
- E. It adjusts automatically based on currency fluctuations

7.9 A Namibian dairy company sets a different price for Windhoek and Katima Mulilo due to transport costs. This is an example of:

- A. Tiered pricing
- B. International pricing
- C. Zone pricing
- D. Bundle pricing
- E. Psychological pricing

7.10 A US-based e-commerce site uses algorithms that adjust prices based on customer browsing behaviour and demand fluctuations. This is known as:

- A. Programmatic pricing
- B. Tactical pricing
- C. Strategic bundling
- D. Dynamic pricing
- E. Emotional pricing

**GRAND TOTAL = 100**

**THE END**

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: \_\_\_\_\_