FEEDBACK TUTORIAL LETTER

1st SEMESTER 2021

ASSIGNMENT 2

PRODUCT PRICING MANAGEMENT

PPM712S
Dear Students

Before we start with these feedback session, let me first thank you for taking time out of your busy schedules to make time for your assignments, I would encourage each and every one of you to always make that time to ensure timely submissions of your assignments.

As I took time to mark each and every single assignment I have observed the following:

1. GENERAL COMMENTS

Guidelines to Answering an Assignment

- As a Distance student Assignments makes up a very important component towards your CA contribution, and it’s advisable to read the instructions and understand them before attempting
your assignment, unfortunately some of the students still failed to adhere to instructions such as:

- Sources must be listed according to the APA or Harvard referencing style, unless otherwise prescribed by the department.
- All assignments should be typed
- Font Style to be used is Calibri or Times New Roman font size 11, line spacing 1.5

**Explanation of various instructions**

**APA referencing**

Any Academic institute requires a student to reference their work in order to show originality of work or otherwise acknowledge the sources where the work has been obtained from, failure to reference your work constitute plagiarism which is a very serious offence. I however picked up that many of the students either failed to reference their work and for those who at least referenced their work, few failed to reference according to the APA format, I therefore urge each and every student to familiarise themselves with APA referencing 6th edition (please note I will penalise all un referenced work)

**All Assignments should be typed**

Let me first thank all the students who took time to type their assignments, we encourage students to type assignments as it makes it easier for the marker to make out what you are trying to communicate.

Please keep the following in mind:

- Always use font’s style: Calibri or times New Roman, font size 11
- Line spacing: 1.5
- Always start every question on a new heading
- It’s advisable to bold headings and Questions

**Academic writing**

I picked up that most students still need to master the art of academic writing, I therefore urge each and every one of you to develop those skills, it will also help you during your post graduate studies.

**2. COMMENTS ON OVERALL ASSIGNMENT**
The overall class performance for Assignment two was satisfactory, students need to do more in regards to calculations however.

**Question 1** (short questions) [20 marks]

1.1 A shoe retailer used a mark-up rate of 30%. Find the selling price of a shoe that cost the retailer N$ 25-00. (2marks)

*Answer: N$ 32.50*

1.2 A golf shop pays its wholesalers N$ 80-00 for a certain club, and then sells it to golfer for N$ 175-00. What is the markup percent? (2marks)

*Answer: 118.78%*

1.3 Shoprite store uses a 40% markup on cost for its cereals. Find the cost of a box of cereal that sells for N$ 60-00. (2marks)

*Answer: 42.88*

1.4 An item originally priced at N$ 55-00 is marked 15% off. What is the sale price? (2marks)

*Answer: 46.75*

1.5 An item that regular sells for N$ 600-00 is marked down to N$ 318.75, what is the discount percentage? (2marks)

*Answer: 47*
1.6 An item is marked down 25%, the sale price is N$ 127.46. What was the original price? (2 marks)

*Answer: 159.32*

1.7 Growing up, you lived in a tiny country village. When you left for University, the population was 840. You recently heard that the population has grown by 5%. What is the present population? (2 marks)

*Answer: 882*

1.8 An item listed at N$150.00 is subject to the discount series 5%, 10% and 25% respectively, determine the net price. (2 marks)

*Answer: 96.19*

1.9 Patrick is a bit broke and has listed a pair of sunglasses for N$ 136 less 30%. His friend Jake lists the same model for N$ 126 less 20%. Less an additional 15%. What additional percentage of discount must Tom give to meet Jack’s price? (2 marks)

*Answer: 10%*

1.10 Your weight goes from 140 kg to 110 kg. What is your percent weight loss? (2 marks)

*Answer: 21.4%*
Question 2
Answer:

<table>
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<tr>
<th>Firm</th>
<th>Units Sold</th>
<th>Unit price (N$)</th>
<th>Total Revenue (N$)</th>
<th>Unit market share (%)</th>
<th>Revenue Market share (%)</th>
</tr>
</thead>
<tbody>
<tr>
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<td>860250</td>
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<tr>
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<td>?</td>
<td>16.40</td>
<td>5398254.80</td>
<td>100</td>
<td>100</td>
</tr>
</tbody>
</table>

Question 3
[20 Marks]

The understanding of different types of discounts is a very important tool for any company when planning on giving price discounts to its customers. With a practical illustration using any Namibian company of your choice, discuss any 5 types of price discounts and allowances that a marketer can use.

Answer:
Possible Answers:

- Trade or Functional discounts
- Quantity discounts
- Cumulative quantity discounts
- Noncumulative quantity discounts
- Minimum order discounts
- Cash discounts
- Seasonal discounts

Question 4
[20 Marks]
Write detailed notes on the following topics with the aid of practical examples:

a) Marginal Analysis (5 Marks)

b) Break-even analysis (5 Marks)

c) Price Elasticity (5 Marks)

d) Value based pricing (5 Marks)

Answer:
Most of the students answered this question well, but as a student you should always look at the mark allocation per question, this will help as a guide as to how much quantity/weight your answer should be. It was also expected of you to give practical examples to support your answers and always reference your work as stressed earlier as it could affect your marks.

Question 5 [20 Marks]

XYZ cc a chair manufacturer has the following assumptions:

- Variable cost is constant N$22 per unit
- Fixed cost is constant N$27 500.00
- Demand is insensitive to price up to N$60.00
- A target profit of N$8 000.00 is required by selling 1 000 chairs per year.
**Required:** Using target based profit pricing and calculate the price XYZ cc should price per chair in order to achieve their target profit *(Show all workings)*

**Answer:**
Most students answered the question correctly, the answer is as below:

Profit=Total Revenue- Total Cost

\[ \text{Profit} = (P \times Q) - (\text{FC} + \text{UVC} \times Q) \]

\[ 8000 = (P \times 1000) - (27500 + (22 \times 1000)) \]

\[ 8000 = (1000P) - 27500 - 22000 \]

\[ 8000 = 1000P - 49500 \]

\[ 80000 + 49500 = 1000P \] (Divide each side by 1000)

\[ = N$ 57.50 \]