

# Tutorial Letter 101/3/2018

## PRICE MANAGEMENT MNM2609

Semesters 1 and 2

Department of Marketing  
and Retail Management

**IMPORTANT INFORMATION:**

Please register on myUnisa, activate your myLife e-mail address, and ensure that you have regular access to the myUnisa module site MNM2609-2018-S1 or MNM2609-2018-S2 as well as to your group site

Note: This is an online module and therefore it is available on myUnisa. However, in order to support you in your learning process, you will also receive some study material in printed format.

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# CONTENTS

	<i>Page</i>
<b>1 INTRODUCTION AND WELCOME .....</b>	<b>4</b>
<b>2 PURPOSE AND OUTCOMES .....</b>	<b>4</b>
2.1 Purpose .....	4
2.2 Outcomes .....	5
<b>3 LECTURER AND CONTACT DETAILS .....</b>	<b>5</b>
3.1 Lecturer .....	5
3.2 Lecturer availability.....	5
3.3 University .....	6
<b>4 MODULE RELATED RESOURCES .....</b>	<b>6</b>
4.1 Prescribed books .....	6
4.2 Page reference guide.....	7
4.3 Inventory letter .....	7
4.4 Additional reading list.....	7
4.5 Joining myUnisa .....	7
4.6 Other resources – printed support material .....	8
4.7 Library services and resources information.....	9
<b>5 HOW TO STUDY THIS MODULE ONLINE .....</b>	<b>9</b>
5.1 What it means to study fully online.....	9
5.2 The myUnisa tools you will use.....	9
<b>6 OTHER STUDENT SUPORT SERVICES.....</b>	<b>10</b>
6.1 Study groups.....	10
6.2 Tutorial support.....	10
6.3 Predatory providers of classes and examination support .....	11
6.4 TVET agreements.....	11
<b>7 STUDY PLAN.....</b>	<b>12</b>
<b>8 ASSESSMENT .....</b>	<b>13</b>
8.1 General remarks .....	13
8.2 Plagiarism.....	13
8.3 Submission of assignments .....	14
8.4 Compulsory and self-evaluation assignments .....	14
8.5 Commentaries and feedback on assignments.....	14
8.6 Due dates and unique numbers of assignments .....	14
8.7 Year marks .....	15

<b>9</b>	<b>EXAMINATIONS .....</b>	<b>15</b>
9.1	Examination admission .....	15
9.2	Examination period .....	15
9.3	Examination paper .....	16
9.4	Previous examination papers .....	16
<b>10</b>	<b>FREQUENTLY ASKED QUESTIONS .....</b>	<b>16</b>
<b>11</b>	<b>CONCLUDING REMARKS.....</b>	<b>17</b>
	<b>ADDENDUM A – ASSIGNMENTS .....</b>	<b>18</b>
	<b>ADDENDUM B – ADDITIONAL READING LIST .....</b>	<b>28</b>

# 1 INTRODUCTION AND WELCOME

Dear Student,

The field of price management is characterised by rapid developments and constantly new applications. We recommend, therefore, that you gain some exposure to developments in this field on a regular basis. We shall do our best to make your study of this module interesting, useful and successful. You will be well on your way to success if you start studying early in the semester and resolve to do the assignment(s) properly.

Because this is a fully online module, you will need to use myUnisa to study and complete the learning activities for this module. You will therefore need to visit the module site on myUnisa for MNM2609 frequently. The site for your module is MNM2609-18-S1 for Semester 1 and MNM2609-18-S2 for Semester 2.

## Getting started

You will need to go online to access your study material and see what to do for the module. Go to <https://my.unisa.ac.za> and log in using your student number and password. You will see MNM2609-18-S1 or MNM2609-18-S2 in the row of modules in the orange tabs across the top of the web page. If you cannot find it in the orange tabs, you could also check in the "More" tab. Click on the module you want to open.

In addition, you will receive this tutorial letter and printed copies of the online study material for your module. While this printed material may appear to be different from the online study material, it will definitely be the same and will have been copied from the myUnisa website.

We hope that you will enjoy this module and wish you all the best!

# 2 PURPOSE AND OUTCOMES

## 2.1 Purpose

The aim of this module is to enable you, as students of the module MNM2609: Price Management, to gain a better understanding of the various pricing decisions that must be made, as well as of the elements making up the price component of the marketing mix.

The module will be delivered by means of myUnisa, the internet, peer group interaction and community engagement. We, as your lecturers, will interact with you on myUnisa and via e-mail.

## 2.2 Outcomes

After completing this module, you should be able to

- define pricing and discuss the importance of price in the economy and in an organisation
- discuss the various cost constraints that affect the pricing decisions for a product
- explain the role of price in the marketing mix
- discuss the steps of the pricing model
- explain how to estimate demand and revenue relationships in pricing
- discuss the various pricing objectives that an organisation could set when establishing its pricing strategy
- explain how an organisation would go about selecting approximate price levels
- discuss the setting of list or quoted prices
- highlight the various adjustments that can be made to the list or quoted price

## 3 LECTURER AND CONTACT DETAILS

### 3.1 Lecturer

My name is Melanie Gopaul and I am the lecturer for this module. My contact details are as follows:

AJH van der Walt Building, Muckleneuk Campus

Office: 5-70

Telephone: 012 429 8303

Fax: 012 429 3759

E-mail: [marketing@unisa.ac.za](mailto:marketing@unisa.ac.za)

Take note that you should contact your lecturers for academic enquiries only, that is, enquiries about the content of the module. **DO NOT enclose letters to lecturers with assignments.**

### 3.2 Lecturer availability

I will be available to take phone calls on academic matters and/or to attend to those of you who may prefer visiting me personally for academic engagement. However, the days and times of my availability will be communicated on the module page on myUnisa. These days and times may change at times to accommodate my work schedule and other commitments. I will communicate such changes in advance using **Announcements** on myUnisa as and when they happen. You are advised to check the module page on myUnisa before making phone calls or visiting my office for academic enquiries/engagements.

### 3.3 University

Direct all administrative enquiries concerning fees, receipt of assignments, examination dates, etc., to the relevant administrative departments as indicated below:

#### Communication with the administrative departments of the University

If you need to contact the University about matters not related to the content of this module, consult the brochure, *Study@Unisa*, which you received with your study material. This brochure contains information on how to contact the University (for example, to whom you can write for different queries, important telephone and fax numbers, addresses and details of the times certain facilities are open).

Always have your student number at hand when you contact the University.

Take note that all administrative enquiries should be directed to the following:

Student admissions and registrations	<a href="mailto:Study-info@unisa.ac.za">Study-info@unisa.ac.za</a>
Student assessment administration for assignments	<a href="mailto:Assign@unisa.ac.za">Assign@unisa.ac.za</a>
Student assessment administration for examination	<a href="mailto:Exam@unisa.ac.za">Exam@unisa.ac.za</a>
Despatch: Study material	<a href="mailto:despatch@unisa.ac.za">despatch@unisa.ac.za</a>
Finance	<a href="mailto:finan@unisa.ac.za">finan@unisa.ac.za</a>
ICT (myUnisa & myLife)	<a href="mailto:MyUnisaHelp@unisa.ac.za">MyUnisaHelp@unisa.ac.za</a> <a href="mailto:MyLifeHelp@unisa.ac.za">MyLifeHelp@unisa.ac.za</a>

In addition, study Tutorial Letter 301 MRMALL8/2018 for further contact information.

## 4 MODULE RELATED RESOURCES

For library request service procedures (listed below), consult *Study@Unisa*.

### 4.1 Prescribed books

The tutorial matter for this module consists of the following:

- ONE study guide and a number of tutorial letters available in English and Afrikaans (supplied by Unisa)
- TWO prescribed books (which you must obtain yourself)

The compulsory prescribed books for MNM2609 are as follows:

- Machado, R. 2017. *Price Management*. 2<sup>nd</sup> edition. Cape Town: Juta
- Nieuwenhuizen, C. & Van Heerden, C.H. 2016. *Contemporary Retail and Marketing Case Studies*. 2nd edition. Cape Town: Juta.

You can obtain prescribed books from the University's official booksellers – see a list of official booksellers and their addresses in *Study@Unisa*. If you have difficulty in locating your book(s) at these booksellers, contact the Prescribed Books Section at 012 429 4152 or e-mail [vospresc@unisa.ac.za](mailto:vospresc@unisa.ac.za).

## 4.2 Page reference guide

**VERY IMPORTANT:** The study guide needed to be adapted to fit in with the prescribed book. For this purpose, we use a page reference guide that links the prescribed book to the relevant sections in the existing guide. The page reference guide will be provided in Tutorial Letter 102.

## 4.3 Inventory letter

At the time of registration, you will receive an inventory letter that will tell you what you have received in your study package and will show any items that are still outstanding. See *Study@Unisa* for more information.

Check the study material that you have received against the inventory letter. You should have received all the items listed in the inventory, unless there is a statement indicating “out of stock” or “not available”. If any item is missing, follow the instructions on the back of the inventory letter without delay.

**PLEASE NOTE: We, your lecturers, cannot help you with missing study material. Contact the Unisa Despatch Department at [despatch@unisa.ac.za](mailto:despatch@unisa.ac.za).**

If you wish, you can view the study guides and tutorial letters for the modules for which you are registered on myUnisa, at <http://my.unisa.ac.za>.

## 4.4 Additional reading list

There are rapid developments and constantly new applications in the field of price management. Therefore, we recommend that you get some exposure to developments in this field on a regular basis. You can do this by reading topic-specific journals and by consulting the internet. To help you we will give you the names of some websites, books and articles that you can read (see Addendum B). To link up theory and practice we recommend that you consult some additional material, such as journals, books, and relevant websites that you can find yourself, in this exciting and interesting field.

## 4.5 Joining myUnisa

If you have access to a computer that is linked to the internet, you can access resources and information offered by the University quickly and easily. The myUnisa learning management system is the Unisa online campus, which will help you communicate with your lecturers, with other students and with the administrative departments – all through the computer and the internet.

To access myUnisa, start at the main Unisa website at <http://www.unisa.ac.za>, and then click on the myUnisa orange tab. You could also just go to <https://my.unisa.ac.za> directly. When you are on the myUnisa website, click on Claim Unisa Login on the right-hand side of the screen. You

will then be prompted to give your student number to claim your initial myUnisa and myLife login details.

Consult the brochure, *Study@Unisa*, which you received with your study material, for more information on myUnisa.

It is very important that you log on to myUnisa regularly. We recommend that you do this at least every week or every 10 days for the following:

- **Check for new announcements.** You could also set up your myLife e-mail in such a way that you will receive the announcement e-mails on your cell phone.
- **Participate in the discussion forum activities.** For every learning or study unit in this module, you will be given activities to do. We would like you to discuss these with your fellow students and your lecturers. Although you could check the instructions about the activities here and even prepare your answers without logging on, you would need to go online to post your messages.

#### **4.6 Other resources – printed support material**

We want you to be successful in this online module, so we will also provide some of the study material to you in print format. This will allow you to read the study material even when you are not online. Take note of the following:

- This printed study material will be sent to you at the beginning of the semester, but you do not have to wait to receive it before you start studying. You can go online as soon as you register and you will find all your study material there.
- Therefore, the printed material will be hard copies of the formal content of the online module.
- Having the printed material on hand will make it possible for you to study your material for this module **WITHOUT** having to go on the internet or to an internet cafe. This will save you money, of course, and will enable you to read – and reread – the material and do the activities whenever and wherever you wish to do so.

We hope that this system will help you succeed in this online module by providing you with extra ways in which to study the material and complete all the activities and assignments. However, you **MUST** go online to complete the activities and assignments on time, and to get the most from the online module.

Remember, the printed support material forms only a backup to everything that you will find online on myUnisa. It will not contain any additional content. **In other words, you should NOT wait for the printed support material to arrive before you start studying.**

## 4.7 Library services and resources information

For brief information, go to [www.unisa.ac.za/brochures/studies](http://www.unisa.ac.za/brochures/studies)

For detailed information, go to <http://www.unisa.ac.za/library>. For research support and services of personal librarians, click on "Research support".

The library has compiled a number of library guides:

- finding recommended reading in the print collection and e-reserves – <http://libguides.unisa.ac.za/request/undergrad>
- requesting material – <http://libguides.unisa.ac.za/request/request>
- postgraduate information services – <http://libguides.unisa.ac.za/request/postgrad>
- finding, obtaining and using library resources and tools to assist in doing research – [http://libguides.unisa.ac.za/Research\\_Skills](http://libguides.unisa.ac.za/Research_Skills)
- contacting the library/finding us on social media/frequently asked questions – <http://libguides.unisa.ac.za/ask>

## 5 HOW TO STUDY THIS MODULE ONLINE

### 5.1 What it means to study fully online

This module is taught fully online, and therefore, it differs completely from some of your other Unisa modules. This means the following:

- **All your study material and learning activities are designed to be studied and completed online, on myUnisa.** Even though we will provide you with printed copies to support your studies, the module is designed specifically for online use.
- **Submit all your assignments online.** In other words, you do all your activities and submit all your assignments on myUnisa. You **cannot** post them using the South African postal services.
- **All the communication between you and the University will take place online**, by e-mail, on **Discussion Forums** and through questions and answers. You can use all these ways to ask questions and contact your lecturers. This also means that your lecturers will communicate with you in the same ways, through e-mails, by means of the **Announcements** tab, questions and answers, and on **Discussion Forums**.

### 5.2 The myUnisa tools you will use

You will find all the information about how to use the myUnisa tools on the module site, under Unit 0. However, we want to highlight the tools that you will use for your formal assignments and activities.

In this module, three different types of assessment will be conducted, for which the following two myUnisa tools are used:

- **Discussions:** This tool is associated with the online Discussion Forums, where you share your ideas and insights with other students in your small groups. Under Discussions, you can share ideas and post your discussions online on several other Discussion Forums.
- **Assignments:** The assignments that are not submitted under “Discussions” are written assignments. You will need to type the written assignment in a Word document and submit it online in the same manner in which you submit all other assignments online.

## 6 OTHER STUDENT SUPPORT SERVICES

For information on the various student support systems and services available at Unisa (for example, student counselling, tutorial classes, and language support), consult *Study @ Unisa*.

### 6.1 Study groups

It is advisable to have contact with fellow students. One way to do so is to form study groups. The addresses of students in your area may be obtained from the following department:

Directorate: Student Administration and Registration  
PO Box 392  
UNISA  
0003

### 6.2 Tutorial support

Take note that, with effect from 2013, Unisa offers online tutorials (e-tutoring) to students registered for modules at NQF level 5, 6 and 7, which means qualifying first-year, second-year and third-year modules.

Once you have been registered for a qualifying module, you may be allocated to a group of students with whom you will be interacting during the tuition period as well as an e-tutor who will be your tutorial facilitator. Thereafter, you will receive an SMS informing you about your group, the name of your e-tutor and instructions on how to log onto myUnisa in order to receive further information on the e-tutoring process.

Online tutorials are offered free of charge, and they are conducted by qualified e-tutors who are appointed by Unisa. All you need to be able to participate in e-tutoring is a computer with internet connection. If you live close to a Unisa regional centre or a telecentre contracted with Unisa, feel free to visit any of these to access the internet. E-tutoring takes place on myUnisa where you are expected to connect with other students in your allocated group. It is the role of the e-tutor to guide you through your study material during this interaction process. To gain most by online tutoring, you need to participate in the online discussions that the e-tutor will be facilitating.

We have found that students fail some modules repeatedly, and face-to-face tutors are allocated to these modules. The tutorials for these modules take place at the Unisa regional centres. These tutorials are also offered free of charge, but it is important that you register at your nearest Unisa regional centre to secure attendance of these classes.

Unisa offers tutor services to students as additional academic support at the various Unisa regional learning centres throughout the country. A tutorial is an organised session during which students and a tutor (or tutors) meet regularly at a particular venue and at scheduled times to discuss course material. The main purpose of the tutorial services is to facilitate student learning by developing students' independent learning skills and assisting them to become motivated. Tutorials help students develop and enhance their learning experience and academic performance through interaction with the tutor and fellow students. Tutorials are not compulsory and those of you who indicate your willingness to participate will receive relevant tutorial support. Those of you who are interested are advised to report to a learning centre closest to you in order to enrol for tutorials. For further information on tutorials, consult the brochure, *Study@Unisa*.

### **6.3 Predatory providers of classes and examination support**

Please be aware of the existence of multiple fraudulent and predatory providers of classes and examination guidance to Unisa students. Take note that Unisa does not have agreements with any of these agencies/schools/colleges to provide tuition or support to any of you. Unisa also does not provide these predators with study material, guidelines or your contact information. These providers may not have the necessary expertise to assist you and they often charge exorbitant fees. If you receive an invitation from any agency or college, it is best to confirm with one of us if the provider is a legitimate Unisa partner.

### **6.4 TVET agreements**

Unisa does have agreements with a number of TVET Colleges to provide contact tuition and support to students in the following higher certificates:

- Higher Certificate in Economic and Management Sciences
- Higher Certificate in Banking
- Higher Certificate in Tourism
- Higher Certificate in Accounting Sciences

More information on the above is available on the Unisa website.

## 7 STUDY PLAN

Below is a study plan that we propose you use to work through the study material systematically, up to the time of the examination. It is merely a broad guideline, however, and you may adapt it to fit your own particular time schedule. The time allocated to each topic serves as an indication of its importance in the context of all the prescribed study material. Refer to the page reference guide for more detail on main learning areas. See *Study @ Unisa* for general time-management and planning skills.

Study unit	Topic	Time allocated	Date to be completed 1st sem/2nd sem	Main learning areas
1	Nature and role of price in the organisation	14 hours	12 Feb/12Jul	Define price and discuss the common pricing mistakes. Discuss the importance of price in the economy and the organisation.
2	Value and price	8 hours	19 Feb/19 Jul	Explain value as well as the difference between a cost and a value orientation.
3	The role of price in the marketing mix	10 hours	5 Mar/6 Aug	Discuss the role of price in the marketing mix.
4	The pricing model	10 hours	12 Mar/13Aug	Explain the steps of the pricing model.
5	Identifying price constraints	12 hours	19 Mar/20Aug	Identify and explain the demand and cost constraints in pricing. Explain the various types of competitive markets.
6	Estimating demand and revenue relationships	12 hours	26 Mar/27 Aug	Explain how demand and supply establish prices. Discuss price elasticity and price sensitivity. Explain how to estimate revenue relationships.
7	Price objectives	10 hours	29 Mar/29 Aug	Discuss the relationship between cost, volume and profit. Highlight the various types of pricing objectives.
8	Setting an approximate price level	20 hours	3 Apr/3 Sep	Discuss the various cost-based pricing methods. Highlight the various forms of profit-based pricing. Explain demand-based pricing and the various types of demand-based pricing that an organisation could consider. Discuss the various new product pricing strategies. Comment on the various types of competition-based pricing methods.
9	Setting the list or quoted price	12 hours	9 Apr/7 Sep	Discuss pricing to cover cost plus profit. Highlight the importance of balancing the incremental costs and revenue. Explain the other influences that must be considered

				when setting prices.
10	Adjustments to the list or quoted price	12 hours	20 Apr/20 Sep	Distinguish between the various types of discounts and allowances. Explain segmented, psychological and geographic pricing strategies.

## 8 ASSESSMENT

### 8.1 General remarks

The assignments for this module are contained in Addendum A. **Assignments 01 and 02 for Semester 1 are different from Assignments 01 and 02 for Semester 2.** Before you do the assignments, first study the rest of this section.

Assignments are seen as part of your learning experience for this module. Completing the assignment includes studying the prescribed textbook, consulting other resources, discussing the work with fellow students or tutors, or doing additional research. In fact, you are then actively engaged in learning. Pay attention to the assessment criteria for each assignment, as these criteria will help you understand what is required of you.

### 8.2 Plagiarism

Plagiarism is presenting other people’s ideas and writings as your own and it is **NOT** allowed. Plagiarism is one of our greatest frustrations, and many of you fall short of these requirements. You are expected to submit a written assignment that you can proudly say is your **OWN** work. Yet, in the past, many students have simply copied major sections from a variety of different sources (particularly from the web) and pasted it to pass as their own work (sometimes with a reference). Some of you seem to think that if you provide a reference, you are allowed to copy and paste whole sections of text, but it is still plagiarism and it is not allowed. In the academic world, it is one of the most serious offences to copy the work of others and present it as your own.

If you are guilty of plagiarising, we will return your work unmarked. If you plagiarise excessively, we may take further action in this regard. The University has special software to detect plagiarism and we use this software all the time. If you copy and paste you are likely to fail. You have to create your **own voice** when putting forward your discussion.

Refer to Tutorial Letter MRMALL8/301/2018 for more information on plagiarism, referencing and writing style.

### 8.3 Submission of assignments

You must submit your assignments electronically via myUnisa.

To submit an assignment via myUnisa:

- Go to myUnisa
- Log in using your student number and password.
- Select the module.
- Click on **Assignments** in the left-hand menu.
- Click on the assignment number you want to submit.
- Follow the instructions on the screen.

For detailed information on and requirements for the submission of assignments, see the brochure, *Study@Unisa*.

**PLEASE NOTE: Enquiries about assignments (for example, whether or not the University has received your assignment or the date at which an assignment was returned to you) must be addressed to [Assign@unisa.ac.za](mailto:Assign@unisa.ac.za). You might also find information on myUnisa.**

### 8.4 Compulsory and self-evaluation assignments

- **Compulsory assignments**

There are **TWO compulsory** assignments for this module (Assignment 01, which is an essay question and Assignment 02, which consists of multiple-choice questions). There are **non-negotiable** submission deadlines for each of these two assignments (see Addendum A). You need to submit the **first** of these assignments (Assignment 01) if you wish to gain **admission** to the examination! **Both** compulsory assignments will contribute to your **year mark**, however.

### 8.5 Commentaries and feedback on assignments

You will receive the correct answers to your assignment questions in Tutorial Letters 201 (for Assignment 01) and 202 (for Assignment 02). These tutorial letters will be sent to you **after** the due dates of the assignments and will be available on myUnisa. The assignments and the commentaries on these assignments constitute an important part of your learning and should help you be better prepared for the next assignment and the examination.

### 8.6 Due dates and unique numbers of assignments

Compulsory due dates and unique numbers are available in Addendum A.

## 8.7 Year marks

Your year mark, based on the mark obtained for the two compulsory assignments, contributes 20% to your final mark, while your examination mark contributes 80%.

The combined weighted average of your year mark and examination mark must be 50% or higher for you to pass the module. However, you must obtain a minimum of 40% in the examination, regardless of your year mark. If you obtain less than 40% in the examination your year mark will not be taken into account and you will fail.

### For example:

Assignment 01 mark = 60%

Assignment 02 mark = 80%

Average mark = 70% (60% + 80% / 2)

20% of the assignment mark = 14%

Examination mark = 50%

80% of the examination mark = 40%

Final mark = (20% assignment mark) + (80% examination mark)

= 14% + 40%

= 54%

You will need a final mark of at least 40% to qualify for a supplementary examination. Refer to Tutorial Letter MRMALL8/301/2018 for more information.

## 9 EXAMINATIONS

For general information on and requirements for examinations, see the brochure, *Study@Unisa*.

### 9.1 Examination admission

Examination admission will be granted to all of you who submit the **first** compulsory assignment. Those of you who do not submit Assignment 01 will **not** be allowed to write the examination.

### 9.2 Examination period

This module is offered on a semester basis, which means that there are two registrations each year. If you register at the start of the year (1st semester registration), you will write the examination in May/June 2018, while the supplementary examination (if applicable to you) will be written in October/November 2018. If you register in the middle of the year (2nd semester registration), you will write the examination in October/November 2018, while the supplementary examination will be written in May/June 2019.

During the year, the Examination Section will provide you with information about the examination in general, as well as information on examination venues, examination dates and examination times.

### 9.3 Examination paper

The format of the examination paper for undergraduate modules is as follows:

#### **ALL EXAMINATION PAPERS ARE TWO-HOUR EXAMINATIONS!**

Second-level modules:

The examination paper has two sections:

- Section A is compulsory and it counts 30 marks. This section will consist of multiple-choice questions.
- Section B counts 40 marks. You will be given three 20-mark questions, of which you have to answer any two. These questions will be essay questions and may have subsections. These questions may be based on a case study.

#### **Comment**

If you are not sure whether your module is a first-, second-, or third-level module, simply check the numbering in the module code. For example, ASP<sub>1</sub>41Y is a first-level module; MNM<sub>2</sub>02Y is a second-level module, while MND<sub>3</sub>03V is a third-level module.

### 9.4 Previous examination papers

Previous examination papers can be found on myUnisa. No answers for these previous examination papers will be made available to any of you. We advise you, however, not to focus on this examination question/paper only, as the questions that will be asked in the actual examination paper will be different. However, you may accept that the question format of the examination paper will be similar to the questions/paper provided.

## 10 FREQUENTLY ASKED QUESTIONS

The *Study@Unisa* brochure contains an A to Z guide of the most relevant study information.

## 11 CONCLUDING REMARKS

We hope that you will enjoy this module. We believe it to be a very useful and practical module. Remember that you will need to work at your studies – the more you do, the more you will get from your studies. Do not hesitate to contact me if you have queries or encounter problems of an **academic** nature in your studies.

Kind regards,

Ms. M. Gopaul

Department of Marketing and Retail Management

UNISA

## ADDENDUM A – ASSIGNMENTS

There are **TWO compulsory** assignments for this module (Assignment 01, which is an essay question and Assignment 02, which consists of multiple-choice questions). There are **non-negotiable** submission deadlines for each of these two assignments. You need to submit the **first** of these assignments (Assignment 01) if you wish to gain **admission** to the examination! However, **both** compulsory assignments contribute to your **year mark**.

### IMPORTANT NOTICE:

**Assignments 01 and 02 for Semester 1 are different from Assignments 01 and 02 for Semester 2.**

## ASSIGNMENTS – SEMESTER 1

### SEMESTER 1

### ASSIGNMENT 01: COMPULSORY – must be submitted to gain examination admission

When submitting this assignment, be sure to use the correct **unique number** as detailed below:

Semester	Due date	Unique number
1	16 March 2018	735439

Read the **40 Foods Distributors** case study in the book *Contemporary Retail & Marketing Case Studies*, and answer the following question:

### QUESTION

- a 40 Foods Distributors introduced Miss K Ice Cream Food. Highlight the **seven steps** they should have followed in the **development of a price** for this ice cream (1 mark will be allocated for each step discussed and 1 mark each for the practical application from the 40 Foods Distributors case study).
- b Explain the term **sales promotion** and provide examples of how Miss K uses sales promotion tactics to motivate its customers to purchase ice cream (4 marks will be awarded for the theory of sales promotion and 2 marks for the practical application).

(14)

(6)

**[20]**

*[We expect the answer to be approximately two typed pages long (Arial 11 font, one and a half spacing and 2.5 cm borders all round). You are required to consult additional resources. You may, under **NO** circumstances, copy and paste verbatim from any sources you refer to – this is called plagiarism. All sources that you consult should be fully referenced and you should phrase the discussion in **YOUR OWN WORDS**. Take note that this is an individual assignment.]*

**SEMESTER 1:  
ASSIGNMENT 02: COMPULSORY – contributes to your year mark.**

When completing the mark-reading sheet or submitting this assignment via myUnisa, be sure to use the correct **unique number** as detailed below:

Semester	Due date	Unique number
1	13 April 2018	819525

This assignment consists of 15 multiple-choice questions. Each question is worth one mark and your mark out of 15 will be converted to a percentage. Refer to section 8 of this tutorial letter for information on the submission of assignments.

Read the **40 Foods Distributors** case study and answer questions 1 and 2.

**QUESTION 1**

**Miss K's** main product packaging can **BEST** be described as a/an ... cost.

- 1 variable
- 2 fixed
- 3 average
- 4 temporary

**QUESTION 2**

Identify the external-related factors that **Miss K** saw as a threat to its business.

- a economic conditions
- b limited supplies
- c competition
- d costs

- 1 a, b, d
- 2 a, b, c
- 3 b, c, d
- 4 a, c, d

Read the **Rollasole** case study and answer questions 3, 4 and 5.

**QUESTION 3**

Which **ONE** of the following psychological pricing methods does **Rollasole** appear to be using in the pricing of its classic shoe range?

- 1 bundle pricing
- 2 prestige pricing
- 3 customary pricing
- 4 odd-even pricing

#### QUESTION 4

**Rollasole** appears to compete in an industry that is **BEST** described by a ... competitive structure.

- 1 monopoly
- 2 oligopoly
- 3 monopolistic
- 4 perfect

#### QUESTION 5

In a survey conducted by **Rollasole**, which aimed to determine the factors that influence individuals when selecting shoes, the company found that price was ...

- 1 the most significant factor.
- 2 the least significant factor.
- 3 more important than the style of the shoe.
- 4 more important than the comfort of the shoe.

Read the ***Tshidullo African Day Spa*** case study and answer questions 6 and 7.

#### QUESTION 6

**Tshidullo African Day Spa** requires therapists who are qualified and have at least two years' experience. This is an example of ...

- 1 psychic costs.
- 2 people value.
- 3 energy costs.
- 4 image value.

#### QUESTION 7

At **Tshidullo African Day Spa**, should the service not be of the required standard clients will receive a ...

- 1 free massage.
- 2 discounted price.
- 3 gift bag.
- 4 loyalty bonus.

**QUESTION 8**

A store selling bags decides to increase the price of its products by 20%, knowing that its customers will buy 10% less. This results in a price elasticity of ...

- 1 0,5.
- 2 1.
- 3 1,5.
- 4 2.

**QUESTION 9**

The point of equilibrium on a supply and demand curve is **BEST** described by which **ONE** of the following?

- 1 The ideal pricing point for the particular product according to consumer supply.
- 2 The point at which the supply and the demand curves meets.
- 3 Any point in the area above the supply and the demand curves.
- 4 Any area below the demand and the supply curves.

**QUESTION 10**

Marginal revenue can be **BEST** be described as ...

- 1 an estimation involving multiplying the price by the number of units sold.
- 2 the additional revenue that is generated by selling one more unit of the product.
- 3 being equal to the total revenue divided by the number of products sold.
- 4 revenue after the deduction of fixed expenses and not variable expenses.

**QUESTION 11**

Which **ONE** of the following statements **BEST** describes price elasticity greater than 1?

- 1 Demand is unitary
- 2 Demand is inelastic
- 3 Demand is elastic
- 4 Demand is sensitive

**QUESTION 12**

Which **ONE** of the following pricing objectives is often referred to as a “don’t-rock-the-boat” pricing objective?

- 1 profit-oriented objectives
- 2 sales-oriented objectives
- 3 cost-based objectives
- 4 status-quo objectives

### QUESTION 13

Which **ONE** of the following pricing strategies is used when an organisation maintains the retail price of a product at the same level in the long run?

- 1 price lining
- 2 penetrating pricing
- 3 price skimming
- 4 traditional pricing

### QUESTION 14

Music festivals such as Ultra releases early-bird tickets to the public, that is, those who register and purchase tickets early get it at a lower price. This can **BEST** be described as ...

- 1 negotiated pricing.
- 2 secondary market pricing.
- 3 periodic discounting.
- 4 random discounting.

### QUESTION 15

The three C's model consists of ...

- 1 costs, customisation and customers.
- 2 competition, customisation and consistency.
- 3 customers, competition and costs.
- 4 consistency, customers and costs.

[15]

<b>ASSIGNMENTS –SEMESTER 2</b>
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<b>SEMESTER 2:</b>
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<b>ASSIGNMENT 01: COMPULSORY – must be submitted to gain examination admission</b>
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When submitting this assignment, be sure to use the correct **unique number** as detailed below:

Semester	Due date	Unique number
2	24 August 2018	682387

Read the **Tshidullo African Day Spa** case study in the book *Contemporary Retail & Marketing Case Studies*, and answer the following question:

- a Analyse the **four** ways in which individuals perceive and define value and indicate how Tshidullo African Day Spa can adapt its offering accordingly (8 marks for the theoretical discussion and 4 marks for the practical application to Tshidullo African Day Spa ).
- (12)
- b Explain how Tshidullo African Day Spa can use discount pricing as a strategy to price its spa treatments (5 marks will be allocated for the theory and 3 marks for the practical application).

(8)

**[20]**

*[We expect the answer to be approximately two typed pages long (Arial 11 font, one and a half spacing and 2.5 cm borders all round). You are required to consult additional resources. You may, under **NO** circumstances, copy and paste verbatim from any sources you refer to – this is called plagiarism. All sources that you consult should be fully referenced and you should phrase the discussion in **YOUR OWN WORDS**. Please note that this is an individual assignment.]*

**SEMESTER 2:****ASSIGNMENT 02: COMPULSORY – contributes to your year mark**

When completing the mark-reading sheet or submitting this assignment via myUnisa, be sure to use the correct **unique number** as detailed below:

Semester	Due date	Unique number
2	28 September 2018	866646

This assignment consists of 15 multiple-choice questions. Each question is worth one mark and your mark out of 15 will be converted to a percentage. Refer to section 8 of this tutorial letter for information on the submission of assignments.

Read the *Tshidullo African Day Spa* case study and answer question 1.

**QUESTION 1**

According to the case study, **Tshidullo African Day Spa**'s costs are lower than its competitors' prices, as it has the benefit of not paying certain expenses, categorised under ... costs.

- 1 variable
- 2 fringe
- 3 marginal
- 4 fixed

Read the *DataPathway* case study and answer questions 2 and 3.

**QUESTION 2**

According to the **DataPathway** case study, resellers such as retailers tend to follow a ... pricing method.

- 1 profit-based
- 2 demand-based
- 3 penetration
- 4 sealed-bid

**QUESTION 3**

After reading the **DataPathway** case study, identify which **ONE** of the following statements it uses for its customers:

- 1 "We don't aim to make money, we aim to help you."
- 2 "We don't aim to make sales, we make relationships."
- 3 "We don't make money off you, we make money with you."
- 4 "We don't aim to persuade you, we want you to choose us."

Read the **Ice Cream Ninjas** case study and answer question 4.

#### QUESTION 4

From the **Ice Cream Ninjas** case study, it appears that the organisation uses ... in the interactions with its customers.

- 1 sales promotion tactics
- 2 random discounting
- 3 quantity discounts
- 4 secondary market pricing

Read the **4aKid** case study and answer question 5, 6 and 7.

#### QUESTION 5

According to the **4aKid** case study, which **ONE** of the following external factors did the organisation **NOT** indicate as a huge challenge that is affecting its product and pricing decisions?

- 1 pricing considerations of suppliers
- 2 competition
- 3 economic conditions
- 4 pricing considerations of governing authorities

#### QUESTION 6

According to the **4aKid** case study, **4aKid** ensures that its agents are happy and satisfied by offering them ... to push sales.

- 1 training
- 2 discounts
- 3 samples
- 4 bonuses

#### QUESTION 7

**4aKid** keeps its customers informed about the progress of its products from the time of purchase to the time of delivery and follow up on whether the products have arrived safely. This is an example of ... associated with how well a product is delivered.

- 1 psychic costs
- 2 process value
- 3 energy costs
- 4 image value

### QUESTION 8

A chocolate manufacturer wants to earn a 25% mark-up on sales. How much would he or she have to charge customers per chocolate bar if a unit costs R6 to produce?

- 1 R7,50
- 2 R8,00
- 3 R8,50
- 4 R9,00

### QUESTION 9

An organisation charges the same shipment fee to all customers without considering the customers' location. This can be classified as ... pricing.

- 1 uniform-delivered
- 2 zone
- 3 base-point
- 4 freight-absorption

### QUESTION 10

Which **ONE** of the following examples **BEST** describes "location pricing"?

1. MTN offers off-peak charges during its quiet season.
2. The Protea Hotel in Umhlanga Rocks charges R840 per night, whereas the one in Pretoria charges R599 per night.
3. Black & Decker prices its most expensive drill with additional features at R1 200, which is only R80 more than its common drills.
4. Theme parks charge a lower entrance fee for children under the age of 12.

### QUESTION 11

Which allowance do manufacturers use to persuade resellers to promote their products?

- 1 merchandise allowances
- 2 scan-back allowances
- 3 buy-back allowances
- 4 promotional allowances

**QUESTION 12**

Which of the following are considerations for setting the initial price?

- a shared costs
- b price-volume trade-offs
- c customer response
- d alignment with overall business strategy

- 1 a, b, c
- 2 b, c, d
- 3 a, c, d
- 4 a, b, d

**QUESTION 13**

Which of the following are methods of measuring a consumer's price sensitivity?

- a expert judgments
- b price experimentation
- c historical price
- d supplier surveys

- 1 a, b, c
- 2 b, c, d
- 3 a, c, d
- 4 a, b, d

**QUESTION 14**

Jewellery-Shimmer temporarily reduces its prices to make sales unpredictable. Jewellery-Shimmer is using which differentiated pricing strategy?

- 1 random discounting
- 2 negotiated pricing
- 3 periodic discounting
- 4 secondary market pricing

**QUESTION 15**

Discounts that are given to customers based on their purchases over a certain period are known as ...

- 1 cumulative quantity discounts.
- 2 non-cumulative quantity discounts.
- 3 seasonal discounts.
- 4 trade discounts.

[15]

## **ADDENDUM B – ADDITIONAL READING LIST**

The field of price management is characterised by rapid developments and constantly new applications. We therefore recommend that you gain some exposure to developments in this field on a regular basis. You can do this by reading journals on this topic and by consulting the internet.

To help you we will give you the names of some websites that you should visit (listed below).

In order to link up theory and practice, we recommend that you consult some additional material in this exciting and interesting field. You can consult journals, books, and other relevant websites that you can find yourself.

### **Websites**

I have endeavoured to provide a number of hyperlinks to useful websites regarding this module. Visit these websites, browse through their content, and try to learn more about this topic. The wider you read, the more you will benefit from this course.

- [www.the-dma.org](http://www.the-dma.org)
- [www.themarketingsite.com](http://www.themarketingsite.com)
- [www.marketingprofs.com](http://www.marketingprofs.com)

### **Periodicals**

It is a good idea for anyone who is interested in discovering more about current events and trends in price management to read relevant journals. The following are some of the available popular titles, but remember they are not prescribed or compulsory and you will not necessarily find them in the Unisa library.

- *Journal of Revenue and Pricing Management*. ISSN: 1476-6930. eISSN: 1477-657X. Palgrave Macmillan.
- *Journal of Marketing*. ISSN: 0022-2429. American Marketing Association.

### **Books**

Numerous books on price management are available on the market and for the time being, you can consult your local bookstore and the Unisa library. You might also want to consider the following books:

- Bade, R. 2013. 2013. *Foundations of economics*. Upper Saddle River: Pearson.
- Cant, M.C., van Heerden, C.H. & Ngambi, H.C. 2010. *Marketing Management. A South African perspective*. Cape Town: Juta.
- Schindler, R.M. 2012. *Pricing strategies: A marketing approach*. Thousand Oaks: Sage Publications.