MACHAKOS UNIVERSITY

University Examinations for 2016/2017

SCHOOL OF AGRICULTURE AND NATURAL RESOURCES MANAGEMENT

DEPARTMENT OF AGRIBUSINESS MANAGEMENT AND TRADE

THIRD YEAR SECOND SEMESTER EXAMINATION FOR BACHELOR OF SCIENCE IN AGRICULTURAL EDUCATION AND EXTENSION

AGB 102 AGRICULTURAL MARKETING

DATE: 5/6/2017   **TIME: 2:00 – 4:00 PM**

INSTRUCTIONS:

Answer **Question ONE** and **ANY TWO** other questions. Question 1 carries 30 marks while the other questions carry 20 marks each.

QUESTION ONE (COMPULSORY) (30 MARKS)

a) Classify agricultural markets using the following dimensions

    i. Time span   (2 marks)

    ii. Geographical location   (2 marks)

b) Differentiate between:

    i. Vertical integration and horizontal integration   (2 marks)

    ii. The law of demand and the law of supply   (2 marks)

    iii. Absolute advantage and comparative advantage   (2 marks)

    iv. Normal good and inferior good   (2 marks)

    v. Merchant middlemen and agent middlemen   (2 marks)

c) What five roles does agricultural marketing play in Kenya's economy?   (5 marks)

d) State three facilitating functions of an agricultural marketing system   (3 marks)

e) Describe four elements of a marketing mix   (4 marks)

f) Explain four factors that limit efficiency of agricultural marketing cooperatives in Kenya

(4 marks)

QUESTION TWO (20 MARKS)

a) Fairmont hotel has been buying chicken from individual farmers. Suppose the hotel organizes the farmers into groups and contracts them to supply the chicken.

    i   Define this new marketing arrangement   (2 marks)

    ii   State four benefits of the new marketing system   (8 marks)

b) Explain five reasons Kenya may not export some agricultural commodities produced in the country   (10 marks)

QUESTION THREE (20 MARKS)

a) Explain the stages of a product life cycle   (10 marks)

b) Suppose the Cabinet Secretary for Agriculture in Kenya imposed a price floor on maize. With the aid of a diagram, describe how this policy may affect the welfare of maize farmers, consumers and the economy   (10 marks)

QUESTION FOUR (20 MARKS)

a) Describe with examples from Kenya:

    i.   Perfectly competitive markets   (4 marks)

    ii.   Imperfect markets   (6 marks)

b) Demand for beef in Kenya is likely to remain constant over the next 20 years. Explain why you would agree or disagree with this statement   (10 marks)

QUESTION FIVE (20 MARKS)

a) What four challenges is a new marketing manager of a horticultural firm likely to face when applying his marketing experience from a tyre manufacturing company? (8 marks)

b) Using any four types of actors, explain why an agricultural firm should manage its marketing microenvironment   (12 marks)