# MACHAKOS UNIVERSITY

**University Examinations for 2017/2018 Academic Year**

**SCHOOL OF AGRICULTURAL SCIENCES**

**DEPARTMENT OF AGRIBUSINESS MANAGEMENT**

**FOURTH YEAR FIRST SEMESTER EXAMINATION FOR BACHELOR OF AGRIBUSINESS MANAGEMENT**

**KBT 431: FOOD MARKETING AND RETAIL SALES MANAGEMENT**

**DATE: 6/12/2017**                                               **TIME: 8.30-10.30 AM**

**INSTRUCTIONS:**
**Answer question ONE and any other TWO questions**

## QUESTION ONE (30 MARKS)

a)     Differentiate between the following terminologies as used in food marketing.

    i.     Food market and food marketing.                                (2 marks)

    ii.     The selling agribusiness phisolophy and the marketing agribusiness philosophy.

                                                                         (2 marks)

    iii.     Pure monopoly and a monopolistic competitive market structures.     (2 marks)

b)     The price of lemons is Ksh 200 per kilogram and the quantity demanded at this price is 100 kilograms. Due to the ongoing drought, the price has increased to Ksh 220 per kilogram and consequently, the quantity demanded has decreased to 87 kilograms. Compute the price elasticity of demand.                                               (4 marks)

c)     Explain the three main functions of food markets?                    (6 marks)

d)     Consumers are the drivers of food market systems. Explain.            (4 marks)

e)     Giving examples, state four types of markets.                        (4 marks)

f)     Describe three media relevant in promoting agricultural produce.      (6 marks)

**QUESTION TWO (20 MARKS)**

Kebeney (K) Limited is a private company specializing in the processing and retailing of sugarcane juice in Machakos county. Data collected in a recent survey from different retail markets is summarized in the table below.

| Market | Units of juice "000" | Price per unit "000" | Average cost per unit "000" |
|--------|----------------------|----------------------|-----------------------------|
| A | 10 | 60 | 10 |
| B | 20 | 50 | 20 |
| C | 30 | 40 | 30 |
| D | 40 | 30 | 40 |
| E | 50 | 20 | 50 |

a)  Assuming Kebeney intents to maximize profit, which market should the company target? Illustrate how you arrive at your conclusion.                      (10 marks)

b)  Explain any five causes of a pure monopoly market structure in the food industry. Support your answers with relevant examples.                      (5 marks)

c)  Why is a pure market structure almost non-existence in the Kenyan food industry?

(5 marks)

**QUESTION THREE (20 MARKS)**

a)  Using relevant examples, explain the food marketing paradox.                      (5 marks)

b)  The demand of babyfood in a given market is given by 50 – 2P Tons while the supply of babyfood in the same market is given by – 6 + 12P Tons.

   i.   Determine the equilibrium price.                      (5 marks)

   ii.  Determine the equilibrium supply.                      (5 marks)

   iii. Determine the equilibrium demand.                      (5 marks)

**QUESTION FOUR (20 MARKS)**

a)  The fixed cost of retailing *Mbuzi Choma* is KES 2,500,000 and the variable cost per kilogram of the *choma* is KES 300. Mercy Cheptoo (K) ltd targets a new market and intends to sell 10,000 kilograms in the first month of opening. If the company sells the 10,000 kilograms as planned, what would be the breakeven price?                      (10 marks)

b)      You are intending to venture into a new food market. Providing examples, discuss the four main pricing strategies you may use.                                    (10 marks)


**QUESTION FIVE (20 MARKS)**

a)      Give two characteristics of aggregators in food marketing.                    (2 marks)

b)      Giving examples, differentiate between a value chain and a supply chain in food marketing.

                                                                                        (10 marks)

c)      What are the four drivers of food consumption in global markets.             (8  marks)