



MACHAKOS UNIVERSITY

University Examinations for 2018/2019 Academic Year

SCHOOL OF AGRICULTURAL SCIENCES

DEPARTMENT OF AGRICULTURAL EDUCATION AND EXTENSION

FIRST/ SECOND YEAR SPECIAL/SUPPLEMENTARY EXAMINATION FOR
BACHELOR OF SCIENCE IN AGRICULTURAL EDUCATION AND EXTENSION

KBT120/AGB 205: AGRICULTURAL MARKETING

DATE: 23/7/2019

TIME:8.30-10.30 AM

INSTRUCTIONS;

Answer ALL questions in section A and ANY TWO questions in section B

Section A: 30 MARKS

QUESTION ONE (30 MARKS)

- a) Define the following terms:
- i. Vertical integration (2 marks)
 - ii. Marketing conduct (2 marks)
 - iii. Price floor (2 marks)
 - iv. Protectionism (2 marks)
 - v. branding (2 marks)
- b) i Describe the process of product classification. (2 marks)
- ii Given that the demand for rice is given by $P=80-0.4Q_d$ and the supply for maize is given by $P=20+0.2Q_s$. Determine the equilibrium price and quantity in the maize market. (3 marks)
- c) i With the aid of a diagram explain the effect of price floor on market equilibrium price in the maize market (3 marks)
- ii Explain two importance of international trade in a developing country like Kenya (2 marks)

- d) i Describe two sources of comparative advantage in the agricultural markets in Kenya (2 marks)
- ii Explain the difference between the competitive and technological environment in rice markets in Kirinyaga (3 marks)
- e) i Describe the Schrimper taxonomy as used for price discovery (3 marks)
- ii Explain two advantages of using ICT in the marketing of coffee in Nanyuki (2 marks)

SECTION B: 40 MARKS

QUESTION TWO: (20 MARKS)

- a) The annual sales for different vegetable firms are represented in the table below.

Firm	Sales (Ksh)	
A	20,000	
B	7,500	
C	11,500	
D	3,000	
E	27,000	

- i. Determine the CR4 of the vegetable industry (4 marks)
- ii. Describe the type of competition in the vegetable market (2 marks)
- iii. Explain two factors that are likely to determine the supply for milk in Baringo (4 marks)
- b) There are two firms in an industry, each with a marginal cost of Ksh.40. The total demand is given by the following function $P=400-q_1-q_2$.
- i. Calculate the Cournot equilibrium in the market (5 marks)
- ii. Calculate the Stackelberg equilibrium in the market (5 marks)

QUESTION THREE: (20 MARKS)

- a) i A dairy company in Nyeri is planning to introduce a new yoghurt brand into the market. Describe the branding strategies that the farm can use to market the yogurt. (8 marks)
- ii Describe the pricing methods that the dairy company will follow in marketing of the yoghurt (6 marks)

- iii Explain three importance of price discovery to a dairy cooperative in the marketing of milk. (6 marks)

QUESTION FOUR: (20 MARKS)

- a) Describe the role of protectionism in international trade (5 marks)
- b) Explain five factors that are likely to affect the demand of sugar in Machakos town (10 marks)
- c) Describe five characteristics of a competitive market (5 marks)

QUESTION FIVE (20 MARKS)

- a) i Explain four importance of free trade to Kenya in the trading of agriculture products (5 marks)
- ii Describe the main areas that are covered by the TRIPS in international trade (5 marks)
- b) The demand function of a perfect competitive market is given by $Q_d = 120 - 3P$, where Q_d is quantity demanded and P is the price. The cost function in the market is given by $TC = 225 - 5Q_s + Q_s^2$. TC represents total cost while Q_s represents the quantity supply
- i. Calculate the average cost curve (5 marks)
- ii. Find the minimal average costs (5 marks)