

MACHAKOS UNIVERSITY

University Examinations for 2018/2019 Academic Year

SCHOOL OF AGRICULTURE AND NATURAL RESOURCES MANAGEMENT

DEPARTMENT OF AGRIBUSINESS MANAGEMENT

Supplementary/Special First Semester Examination for Bachelor of Education Degree KBT :AGRICULTURAL MARKETING

Date: xxx Time:xxxx

Instructions: Answer ALL questions in section A and ANY TWO questions in section

В

Section A: 30 MARKS

Question ONE:

- (a) Define the following terms:
 - (i) Vertical integration (2marks)
 - (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=80-0.4Qd and the supply for maize is given by P=20+0.2Qs.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	
В	7,500	
С	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) (i) 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)

- (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 Qd= 120-3P, where Qd is quantity demanded and P is the price. The cost function in the market is given by TC=225-5Qs+Qs².TC represents total cost while Qs represents the quantity supply
 - (i) Calculate the average cost curve (5 marks)
 - (ii) Find the minimal average costs (5 marks)