



# MACHAKOS UNIVERSITY

University Examinations for 2018/2019 Academic Year

SCHOOL OF AGRICULTURAL SCIENCES

DEPARTMENT OF AGRIBUSINESS MANAGEMENT AND TRADE

FOURTH YEAR SPECIAL/SUPPLEMENTARY EXAMINATION FOR

BACHELOR OF SCIENCE IN AGRIBUSINESS MANAGEMENT

KBT211/AGB 205: PRINCIPLES OF AGRICULTURAL MARKETING

DATE: 24/7/2019

TIME: 2.00-4.00 PM

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## INSTRUCTIONS:

Answer question ONE and any other TWO questions

### QUESTION ONE (30 MARKS)

- a) Differentiate between:
- i. Merchant middlemen and agent middlemen (2 marks)
  - ii. Vertical integration and horizontal integration (2 marks)
  - iii. Absolute advantage and comparative advantage (2 marks)
- b) Classify agricultural markets using the following dimensions:
- i. Nature of Commodities (2 marks)
  - ii. Number of commodities (2 marks)
  - iii. Area coverage (2 marks)
- c) Explain four types of demand for agricultural commodities (4 marks)
- d) Explain why a company striving to “produce what they can sell” is likely to outperform one that is trying to “sell what they can produce” (4 marks)
- e) Describe the agricultural marketing system (5 marks)
- f) What five roles does agricultural marketing play in Kenya’s economy? (5 marks)

**QUESTION TWO (20 MARKS)**

- a) Describe with examples from Kenya:
  - i. Perfectly competitive markets (4 marks)
  - ii. Imperfect markets (6 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 concept of product life cycle (10 marks)
- b) Pork Ltd. has been buying pigs from individual pig producers. Suppose the firm organizes the producers into groups and contracts them to supply the flowers. State five benefits of this new marketing arrangement (10 marks)

**QUESTION FOUR (20 MARKS)**

- a) Explain why an agricultural firm should regularly monitor its marketing macroenvironment (10 marks)
- b) Describe the process of economic integration (10 marks)

**QUESTION FIVE (20 MARKS)**

- a) Supply of milk in Kenya is likely to remain unchanged over the next 30 years. Explain why you would agree or disagree with this statement (10 marks)
- b) Explain how you can use the concept of “marketing mix” to improve sales revenue in your company (10 marks)