MACHAKOS UNIVERSITY

University Examinations for 2017/2018 Academic Year

SCHOOL OF AGRICULTURAL SCIENCE

DEPARTMENT OF AGRIBUSINESS MANAGEMENT AND TRADE

SECOND YEAR FIRST SEMESTER EXAMINATION FOR BACHELOR OF SCIENCE IN AGRIBUSINESS MANAGEMENT AND TRADE

AGB 205: PRINCIPLES OF AGRICULTURAL MARKETING

DATE: 11/12/2017 **TIME: 2.00-4.00 PM**

Instructions:

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

SECTION A

QUESTION ONE (30 MARKS)

a) Classify agricultural markets using the following dimensions:

i. Area coverage (2 marks)

ii. Number of commodities (2 marks)

iii. Nature of Commodities (2 marks)

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

c) Describe the agricultural marketing system (5 marks)

d) Differentiate between:

i. Absolute advantage and comparative advantage (2 marks)

ii. Merchant middlemen and agent middlemen (2 marks)

iii. Vertical integration and horizontal integration (2 marks)

e) 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)

f) Explain four types of demand for agricultural commodities (4 marks)

SECTION B

QUESTION TWO (20 MARKS)

a) Supply of sugar in Kenya is likely to remain constant over the next 20 years. Explain why you would agree or disagree with this statement (10 marks)

b) Explain why an agricultural firm should regularly monitor its marketing macroenvironment (10 marks)

QUESTION THREE (20 MARKS)

a) Describe with examples from Kenya:

   i. Perfectly competitive markets (4 marks)

   ii. Imperfect markets (6 marks)

b) Explain how you can use the concept of "marketing mix" to improve sales revenue in your company (10 marks)

QUESTION FOUR (20 MARKS)

a) Maua Ltd. has been buying flowers from individual growers. Suppose the firm organizes the farmers into groups and contracts them to supply the flowers. State five benefits of this new marketing arrangement (10 marks)

b) Explain the concept of product life cycle (10 marks)

QUESTION FIVE (20 MARKS)

a) Suppose the Cabinet Secretary for labor in Kenya imposed a ceiling on agricultural wage. With the aid of a diagram, describe how this policy may affect the welfare of farmers, agricultural workers and the economy (10 marks)

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