



# MACHAKOS UNIVERSITY

University Examinations for 2018/2019 Academic Year

SCHOOL OF AGRICULTURAL SCIENCES

DEPARTMENT OF AGRIBUSINESS MANAGEMENT AND TRADE

SECOND YEAR SPECIAL/SUPPLEMENTARY EXAMINATION FOR

BACHELOR OF SCIENCE IN AGRICULTURAL EDUCATION AND EXTENSION

AGB 205: PRINCIPLES OF AGRICULTURAL MARKETING

DATE: 24/9/2019

TIME: 8.30-10.30 AM

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## INSTRUCTIONS:

Answer question ONE and any other TWO questions

### QUESTION ONE

- a) Define the following terms:
- Price elasticity (1 mark)
  - 4Ps of marketing (1 mark)
  - Secondary market (1 mark)
  - Market conduct (1 mark)
  - Demand (1 mark)
- b) i) Explain three important roles of agricultural marketing to the economy of a developing country such as Kenya. (3 marks)
- ii) Demand for Wheat is given by  $P=80-0.4Q_d$  while supply for Wheat is given by  $P=20+0.2Q_s$ . Determine the equilibrium price and quantity in the maize market. (4 marks)
- c) i) With the aid of a diagram explain the effect of price ceiling on market equilibrium price in the wheat market (3 marks)
- ii) Explain three functions of agricultural marketing channels in the wheat markets in Kenya (2 marks)
- d) i) Describe two causes of market failure in the agricultural markets in Kenya (2 marks)

- ii) Explain the difference vertical integration and horizontal in agriculture markets (3 marks)
- e) i) Describe three characteristics of an oligopoly agricultural market (3 marks)
- ii) Explain two roles of ICT in the marketing of agriculture products (4 marks)

**QUESTION TWO: (20 MARKS)**

The annual sales for different Rice firms are represented in the table below.

Firm	Sales (Ksh)
A	50,000
B	25,000
C	33,000
D	7,000
E	55,000

Determine

- a) the HHI of the Rice industry (10 marks)
- b) Describe the type of competition in the vegetable market (5 marks)
- c) Explain five factors that are likely to determine the Supply of rice (5 marks)

**QUESTION THREE: (20 MARKS)**

- a) A dairy company in Molo is planning to introduce a new yoghurt brand into the market. Use the product to show how a product is developed in a market. (8 marks)
- b) Describe the advantages of marketing through a cooperative society (6 marks)
- c) Explain three effects of the Credit in agricultural marketing. (6 marks)

**QUESTION FOUR: (20 MARKS)**

- a) i) Describe the stages in the management of new products using sunflower oil products (5 marks)
- b) i) Use the product cycle to identify the strategies that could be used to improve the marketing of flour (8 marks)
- ii) Describe the characteristics that make agriculture markets unique compared to other markets (7 marks)

**QUESTION FIVE (20 MARKS)**

- a) Explain four importance of international trade in Agriculture within the developing countries like Kenya (10 marks)
- b) Describe five areas that are covered by the Agreement on Agriculture (AoA) in international trade (10 marks)

