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 B

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	
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) (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 $TC=225-5Qs+Qs^2$. 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)