

UNIVERSITY OF FORT HARE

AGE 121

DEGREE EXAMINATIONS

MAIN EXAM

NOVEMBER 2024

.....
Time: 3 HOURS

Subject: MARKETING OF AGRICULTURAL PRODUCTS

Marks: 100

This question paper consists of 12 pages including the cover page

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INSTRUCTIONS

Please answer each of the questions below.

Question 1

[30 Marks]

1.1 Any individual who purchases goods and services from the market for his/her end-use is called a.....

- A Customer.
- B Purchaser.
- C Consumer
- D All these.

1.2 ----- is a branch that deals with the various stages a consumer goes through before purchasing products or services for his end use.

- A Consumer behavior.
- B Consumer interest.
- C Consumer attitude.
- D Consumer perception.

1.3 Buyer behaviour is influenced by exogenous and endogenous factors of individual customers, one of the following answers factors is incorrect

- A Family
- B Political
- C Learning
- D Attitudes

1.4 Understanding consumer buying behavior is not easy. The answers are often locked deep within the consumer's head. The central question for marketers is:

- A How much money is the consumer willing to spend?
- B How much does the consumer need the product being offered for sale?
- C How much does a discount or a coupon affect the purchase rate?
- D How do consumers respond to various marketing efforts the company might use?

1.5 The process of choosing a set of products includes.....

- A Awareness set, inept set, inert set, and market set
- B Awareness set, inept set, inert set, and evoked set
- C Awareness set, inept set, inert set, and purchase set
- D Inept set, inert set, and purchase set

1.6 Marketing aims to.....

- A Make sales
- B Improve product features and attributes
- C Get more buyers
- D Create a long-term relationship with a customer

1.7 What does SWOT analysis in a marketing plan help to identify?

- A. Only external factors affecting the market.
- B. Strengths, Weaknesses, Opportunities, and Threats related to the business.
- C. Marketing strategies for future campaigns.
- D. The budget allocation for marketing efforts.

1.8 What does the "SMART" criteria stand for in setting marketing objectives?

- A. Simple, Measurable, Achievable, Relevant, Time-bound.
- B. Specific, Measurable, Attainable, Realistic, Timely.
- C. Strategic, Market-focused, Actionable, Reviewable, Targeted.
- D. Strong, Motivated, Accountable, Reliable, Timeless.

1.9 In a marketing plan, strategies are developed to:

- A. Outline the detailed budget for the campaign.
- B. Describe how the objectives will be achieved.
- C. List all marketing channels available.
- D. Provide a summary of the market analysis.

1.10 What does the action plan in a marketing plan detail?

- A. The overall marketing budgets.
- B. The specific tasks and timelines for implementing the strategies.
- C. The market trends affecting the business.
- D. The corporate social responsibility initiatives.

1.11 Why is understanding different types of market share important for businesses?

- A. It helps in measuring overall company performance only.
- B. It allows businesses to identify their position and strategy in relation to competitors and specific market segments.
- C. It provides insights into the financial health of a company without considering competition.
- D. It is primarily used for public relations purposes.

- 1.12 Which of the following is the most significant market problem faced by agricultural producers in developing countries?
- A. High consumer demand leading to rapid depletion of agricultural products.
 - B. Poor infrastructure and logistics that limit access to markets and increase transportation costs.
 - C. Overreliance on digital marketing tools that are not widely accessible in rural areas.
 - D. Excessive competition from international agribusinesses that lowers the market share of local farmers.
- 1.13 Which of the following statements best explains the importance of marketing to the agricultural and food sectors in developing countries?
- A. Marketing helps increase agricultural productivity by directly improving the quality of farming inputs used by farmers.
 - B. Marketing enables smallholder farmers to understand consumer preferences and demand trends, thus allowing them to align their production with market needs.
 - C. Marketing primarily focuses on reducing the production costs for agricultural businesses, thereby maximizing profits through cost-efficient methods.
 - D. Marketing in developing countries is mainly about establishing international trade agreements to enhance the export of agricultural products to developed nations.
- 1.14 Which of the following statements best defines the concept of 'market orientation' in the context of agricultural product marketing?
- A. A business philosophy that focuses solely on maximizing profits through aggressive sales tactics and pricing strategies.
 - B. An approach where agricultural businesses prioritize the needs and preferences of consumers while also considering competitors' strategies and market dynamics.
 - C. A strategy that emphasizes increasing production volumes to lower costs and achieve economies of scale.
 - D. A focus on creating innovative agricultural products without paying attention to existing market demands or consumer behaviour.
- 1.15 Which of the following statements accurately describes the role of a marketing system in the agricultural sector?
- A. A marketing system refers only to the advertising strategies used to promote agricultural products to consumers.
 - B. It is a network of producers, wholesalers, and retailers that collaborate to ensure that agricultural products reach consumers efficiently.

- C. A marketing system is primarily concerned with increasing the supply of agricultural products in local markets without regard to distribution channels.
- D. The role of a marketing system is to focus on setting fixed prices for agricultural goods, disregarding market fluctuations and demand.

1.16 How do efficient marketing systems most significantly contribute to increased productivity in the agricultural sector?

- A. By solely focusing on reducing the prices of agricultural products to increase consumer demand.
- B. By minimizing transaction costs and improving the flow of information between producers and markets, leading to better resource allocation.
- C. By ensuring that all agricultural producers are equally represented in the marketplace, regardless of their production size or capabilities.
- D. By concentrating efforts on expanding export markets, thus prioritizing international consumers over local demands.

1.17 Which combination of utilities most effectively demonstrates the impact of a marketing system's productivity on maximizing the value of agricultural products to meet consumer demand in developing countries?

- A. Form and Possession Utilities – where the focus is on transforming raw agricultural products into value-added items and ensuring that consumers have the right to use them.
- B. Place and Time Utilities – by efficiently distributing agricultural products to the correct locations at the optimal times to match seasonal demand and minimize spoilage.
- C. Possession and Time Utilities – emphasizing the importance of always making products affordable and available, regardless of changes in supply conditions.
- D. Form and Place Utilities – which concentrate on processing raw goods to enhance quality while distributing them to areas with the highest purchasing power.

1.18 Which of the following scenarios best demonstrates the strategic importance of exchange functions in overcoming market entry barriers for smallholder farmers in developing countries?

- A. Using aggressive sales tactics to persuade consumers to buy products regardless of their needs or preferences.
- B. Developing cooperative market networks that leverage collective bargaining power to negotiate better prices for agricultural products.
- C. Focusing solely on local markets to avoid the complexities of international trade regulations and tariffs.

- D. Emphasizing brand development to build consumer loyalty without consideration of the price sensitivity of the target market.
- 1.19 Which combination of physical functions most effectively addresses both the issue of post-harvest losses and the need for timely market access in remote agricultural areas?
- A. Storage and Packaging – where storage facilities are used to hold products until peak market demand while packaging focuses on branding.
 - B. Transportation and Grading – ensuring that only high-quality produce is transported efficiently to markets, maximizing profit margins.
 - C. Grading and Risk Bearing – grading standardizes the products while risk bearing provides insurance against crop failure.
 - D. Storage and Transportation – integrating well-managed storage to reduce spoilage and efficient transportation to speed up market access.
- 1.20 Which integrated strategy involving exchange, physical, and facilitating functions would best enhance the market resilience of agricultural products in a volatile economic environment?
- A. Exchange (Price Flexibility) and Physical (Grading) – setting flexible pricing models that react to market demand, coupled with standardized grading for consistent quality.
 - B. Physical (Storage) and Facilitating (Credit Access) – combining effective storage facilities to hold products during low demand with financial loans to sustain farmers' operations.
 - C. Exchange (Market Diversification) and Facilitating (Market Research) – using diversified market channels to spread risks, supported by continuous research on emerging consumer preferences.
 - D. Facilitating (Risk Management) and Physical (Packaging) – focusing on risk reduction strategies and investing in high-quality packaging for branding purposes.
- 1.21 Which scenario best demonstrates a food manufacturer's expectation for quality and reliability in their agricultural suppliers?
- A. A dairy company sources milk from a cooperative of local farmers who adhere to strict quality standards and conduct regular testing to ensure product safety and consistency.
 - B. A snack food manufacturer sources raw ingredients from a variety of farmers based on the lowest price available, regardless of the quality or consistency of the products.
 - C. A cereal producer changes suppliers frequently to take advantage of lower prices, resulting in varying quality and customer complaints about taste.

- D. A beverage company selects fruit suppliers based solely on seasonal availability, often compromising on quality for lower costs.
- 1.22 In the context of business risk, which statement correctly differentiates between a corporation and a sole proprietorship?
- A. Owners of a corporation are personally liable for the debts and obligations of the business, whereas sole proprietors enjoy full liability protection.
 - B. Corporations are subject to double taxation on profits, while sole proprietorships are taxed only once at the owner's personal tax rate.
 - C. A sole proprietorship can raise capital through the issuance of stocks, while a corporation cannot issue any equity instruments.
 - D. Corporations must disclose their financial statements publicly, while sole proprietorships have no such requirement, ensuring privacy.
- 1.23 Which scenario best illustrates a potential disadvantage of operating as a partnership compared to a corporation?
- A. A partnership can face challenges in raising capital since it cannot issue shares, whereas a corporation can attract investors through stock sales.
 - B. A partnership is often easier and less costly to establish than a corporation, which requires extensive legal documentation and compliance.
 - C. In a partnership, profits are distributed directly to owners, allowing for immediate financial benefits, while a corporation must reinvest profits before distribution.
 - D. Partnerships typically have more regulatory requirements compared to corporations, which can complicate management processes.
- 1.24 As a change agent, how do marketing boards typically drive innovation within the agricultural sector?
- A. By prohibiting the use of new technologies in farming practices.
 - B. By fostering research and development initiatives and promoting new agricultural practices.
 - C. By exclusively focusing on traditional farming methods and resisting change.
 - D. By setting fixed prices that discourage investment in innovation.
- 1.25 In the context of facilitating market access, which of the following actions would a marketing board likely take?
- A. Establishing monopolies on certain agricultural products.
 - B. Creating marketing campaigns to promote local produce.
 - C. Regulating the prices at which farmers can sell their products.

- D. Dictating the types of crops that farmers should plant.
- 1.26 Which of the following best defines corporate purpose in a marketing plan?
- A. The specific goals of the marketing team.
 - B. The long-term vision and mission of the organization.
 - C. A summary of past marketing performance.
 - D. The budget for the marketing activities.
- 1.27 What is the role of marketing intelligence in a marketing plan?
- A. To track only internal company data.
 - B. To gather and analyze information about market trends, competitors, and consumer preferences.
 - C. To develop creative advertising content.
 - D. To manage the budget for marketing activities.
- 1.28 Which of the following is NOT a post-harvest risk that a cooperative faces when it conducts outright purchases?
- A. Spoilage due to inadequate storage conditions.
 - B. Price fluctuations in the market affecting selling prices.
 - C. The cooperative's inability to attract new members.
 - D. Theft during transport or storage of purchased produce.
- 1.29 What is a consequence of setting unrealistic goals within cooperatives?
- A. Enhanced motivation among members to achieve these goals.
 - B. Increased funding and resources from external stakeholders.
 - C. Member frustration and potential withdrawal from cooperative activities.
 - D. Strengthened community ties and support for the cooperative.
- 1.30 Which of the following best describes a common weakness in the objectives of cooperatives?
- A. They are often too focused on profit maximization.
 - B. They frequently have unrealistic goals that are not achievable.
 - C. Their objectives are typically aligned with market demands.
 - D. They prioritize social goals over economic sustainability.
- 1.31 Relative market share is best defined as:
- A. The total sales of a company in relation to the overall market sales.
 - B. The sales of a company compared to the sales of its nearest competitor.

- C. The percentage of a company's sales in a specific market segment.
- D. The average sales of all companies in a market.

1.32 Segment market share focuses on:

- A. A company's total sales in comparison to the entire market.
- B. A company's performance in relation to the overall market growth rate.
- C. A company's dominance within a specific market segment.
- D. The combined market share of all competitors in a market.

1.33 Why is understanding different types of market share important for businesses?

- A. It helps in measuring overall company performance only.
- B. It allows businesses to identify their position and strategy in relation to competitors and specific market segments.
- C. It provides insights into the financial health of a company without considering competition.
- D. It is primarily used for public relations purposes.

1.34 Which of the following statements about segment market share is true?

- A. It is used to analyze a company's sales performance relative to all competitors in the industry.
- B. It helps in understanding the company's market position within a particular segment, like luxury or budget products.
- C. It only measures sales growth over a specific period.
- D. It focuses solely on online sales in a digital marketplace

1.35 Which of the following scenarios exemplifies the regulatory role of a marketing board?

- A. Offering financial assistance to farmers during a drought.
- B. Setting guidelines for the import and export of agricultural goods.
- C. Launching a new organic farming initiative.
- D. Establishing a cooperative for farmers to share resources

1.36 Which of the following statements accurately reflects a weakness associated with the misuse of cooperatives for political objectives?

- A. Political involvement always strengthens cooperative governance.
- B. Cooperatives are often used to advance specific political agendas at the expense of member interests.
- C. Political objectives enhance the cooperative's market competitiveness.
- D. The pursuit of political objectives typically results in increased member engagement.

1.37 What management issue is often cited as a weakness in cooperatives?

- A. They usually have highly experienced and qualified management teams.
 - B. The cooperative structure often leads to inefficiencies due to a lack of clear leadership.
 - C. Management teams typically operate with full autonomy and minimal oversight.
 - D. There is an overemphasis on short-term profitability at the expense of long-term goals.
- 1.38 How does the weakness in management practices typically affect member engagement in cooperatives?
- A. Strong management practices foster high levels of member participation.
 - B. Poor management can lead to disillusionment and reduced member involvement.
 - C. Member engagement is unaffected by management quality.
 - D. Effective management guarantees equitable distribution of benefits among members.
- 1.39 What is a common challenge in resolving conflicts between economic and social objectives within a cooperative?
- A. There are usually clear guidelines for prioritizing one over the other.
 - B. Management often lacks the necessary skills to mediate such conflicts.
 - C. Members are uniformly in agreement about the cooperative's direction.
 - D. Conflicts are easily resolved through external arbitration.
- 1.40 What impact can the pursuit of political objectives have on cooperative effectiveness?
- A. It can enhance the cooperative's credibility within the community.
 - B. It may divert resources and focus away from core economic activities.
 - C. Political objectives are always in line with member interests.
 - D. It typically leads to greater collaboration among cooperatives.

Question 2

[10 Marks]

State if the following statements are true or false.

- 2.1. An efficient marketing system can move goods from producer to customer at the highest cost consistent with the provision of the services customer demands.
- 2.2. Increases in efficiency can be achieved in a variety of ways and one of them is to decrease the volume of business using improved handling methods.
- 2.3. A marketing system can be effective without being efficient.
- 2.4. Pricing efficiency is based on the assumption that competitive markets are not efficient.
- 2.5. Marketing costs do not vary from commodity to commodity and product to product.

- 2.6. When calculating a marketing margin in percentage, this formula $\text{Marketing margin} = \frac{\text{Retail price} - \text{Farm gate price}}{\text{Retail price}} \times 100\%$ is used.
- 2.7. Assume that a broiler farmer in Mthatha sells chicken meat at a farm gate price of R30/kg the retail price of braaipack is R50/kg, and the marketing margin in percentage will be 55%.
- 2.8. The packaging cost per trip can be calculated using the following formula: $\frac{\text{original cost} + \text{repairs}}{\text{no. of trips}}$
- 2.9. Prestige objectives reflect a recognition of the role of price in creating the image of an organization and its products or services.
- 2.10. A price cut will increase revenue only if demand is elastic, and a price rise can only raise total revenue if demand is inelastic.

Question 3

[50 Marks]

3.1 A local cooperative produces and sells organic tomatoes. In the past year, the cooperative sold 25,000 kilograms of organic tomatoes. The total sales of organic tomatoes in the local market during the same period were 100,000 kilograms.

- a) What is the market share of the cooperative in the organic tomato market? (5)
- b) If a competitor enters the market and sells 15,000 kilograms of organic tomatoes, what will be the new market share of the cooperative, assuming total market sales remain the same? (5)

3.2 If the price of tomatoes increases from R10 to R12 per kilogram and the quantity demanded of onions increases from 150 kilograms to 180 kilograms, calculate the cross-price elasticity of demand for onions with respect to the price of tomatoes. (5)

3.3 A farmer sells 500 kilograms of potatoes at R15 per kilogram. When the price rises to R18, the quantity sold decreases to 400 kilograms. Calculate the price elasticity of demand and interpret it. (5)

3.4 A farmer sells a batch of apples for R800. If the cost of producing these apples was R600, what is the *mark-on percentage* applied to the cost? (5)

3.5 A farm cooperative sells a box of avocados at a retail price of R200, and the cost of producing the box is R150. Calculate the *mark-up percentage*. (5)

3.6 A dairy farmer incurs fixed costs of R5,000 monthly for milk production. The variable cost per Liter of milk is R15, and the selling price is R25 per Liter. Calculate the *break-even quantity* in Liters. (5)

3.7 If a vegetable farmer wants to achieve a mark-on of 40% on the cost of producing cabbage, and the production cost per cabbage is R25, determine the *selling price*. (5)

3.8 Assume that there is 30 m^3 of space available in the automobile to be used and that it costs R1000 to hire the automobile. A container of 10 m^3 holds 10 kg of potatoes and a container of 5 m^3 holds 20 kg of beetroot. Calculate the *transport cost* for potatoes and beetroot. (5)

3.9 Assume that a warehouse is hired for 150 days of the year at a total cost of R2000 and that the weighted average contents are 300 bags of maize. Calculate the storage cost . (5)