

UNIVERSITY OF FORT HARE

AGRICULTURAL MARKET ANALYSIS
AGE 312

DEGREE EXAMINATION

JUNE

2025

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Time: 3 Hours
Subject: AGE 312
Marks: 100

This paper consists of three pages including the cover page

Internal Examiners

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INSTRUCTIONS

Answer all questions from sections A and B

SECTION A

QUESTION 1 [30 Marks]

- 1.1. Name two types of sub-systems in the marketing system. [2]
- 1.2. Provide 5 examples of each subsystem. [10]
- 1.3. List 4 ways in which the government acts as a watchdog in a marketing system. [4]
- 1.4. List 4 types of middlemen in agricultural marketing. [4]
- 1.5. Name and explain 5 types of adopters in the adoption process. [10]

QUESTION 2 [30 Marks]

- 2.1. What are the 6 pricing objectives used by firms when pricing their products? [6]
- 2.2. Due to changing weather patterns and supply chain disruptions, the price of a 50kg bag of maize meal was R250, with 10 000 bags sold monthly. The following year, the price rose to R320, causing sales to drop to 6 500 bags per month.
 - a). Calculate the price elasticity of demand for maize meal and determine whether demand is elastic, inelastic or unitary. [5]
 - b). Calculate the total revenue before and after the price change. Did revenue increase or decrease? [3]
 - c). If maize producers consider increasing the price to R350 next year, should they proceed with this decision based on revenue analysis? Justify your answer. [3]
- 2.3. Suppose the quantity demanded of good A increases from 50 to 100 when the price of good B decreases from R200 by 50%. Calculate the cross-price elasticity of demand and determine whether the goods are substitutes, complements, or unrelated. [5]
- 2.4. As household income increased from R8 000 to R16 000, the quantity demanded for chicken meat decreased from 400 to 300, while the quantity demanded for beef steak increased from 100 to 250. Calculate the income elasticity of demand for both chicken and beef steak. Identify which of these goods is a necessity and which one is a luxury good. [8]

SECTION B

QUESTION 3 [15 Marks]

The organic honey industry consists of many small-scale producers, and entry into the market is relatively easy, with no significant barriers. A recent study published by a renowned nutritionist claims that organic honey is a natural remedy for boosting immunity and reducing allergies. Assuming input prices remain constant, show graphically and explain how this new information will affect the profits of honey producers, the price of honey, and output both in the short run and long run. [15]

QUESTION 4 [15 Marks]

- 4.1. Define “marketing margin”. [3]
- 4.2. A dairy company faces rising electricity and packaging costs, increasing overall production expenses. Use a graph to show the effect of these changes on the marketing margins of dairy products like milk and cheese. [12]

QUESTION 5 [10 Marks]

- 5.1. Define cooperative marketing. [2]
- 5.2. List 5 functions of co-operative marketing. [5]
- 5.3. List 3 disadvantages of co-operative marketing. [3]

TOTAL= 100

