UNIVERSITY OF FORT HARE

AGE 121

DEGREE EXAMINATIONS

SUPPLEMENTARY EXAM

NOVEMBER 2024

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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.

Question1 **[40 Marks]**

1.1 "---------- is the action and decisions process or people who purchase goods and services for personal consumption."

A. Consumer behaviour

B. Consumer interest

C. Consumer attitude

D. Consumer interpretation.

1.2 When a firm buys a product or service for the first time, it is facing a _____

A. Habitual re-buy situation.

B. Straight re-buy situation.

C. Modified re-buy situation.

D. New task situation.

1.3 When making judgments customers focus on.....

A. Brand name
B. Sellers
C. Product attributes and features
D. Distance to the market where customers purchase the product.

1.4 The consumer buying decision process is

A. Two-stage process
B. Five-stage process
C. Six-stage process
D. Four-stage process

1.5 Categories of information sources are.....

A. Personal sources, commercial sources, and public sources.
B. Friends, workshops, public sources
C. Culture, communities, personal sources
D. All of the above

1.6 When making judgments customers focus on

A. **Features and attributes**

B. Brand

C. Quality product

D. Price

1.7 Which facilitating function has the greatest potential to transform the marketing outcomes of smallholder farmers by reducing information asymmetry and enhancing decision-making capabilities?

A. Standardization – by creating uniform grading systems that simplify market transactions.
B. Risk Management – by offering insurance schemes to protect farmers from unexpected market losses.
C. Market Information Systems – providing real-time data on prices, consumer trends, and competitor analysis for better planning.
D. Credit Facilitation – giving farmers access to loans to invest in production improvements and technology.

1.8 In which situation does a food manufacturer effectively address both cost and product differentiation expectations from agricultural suppliers?

A. A chocolate manufacturer uses high-quality, organic cocoa sourced from a single supplier, significantly increasing production costs but positioning the product as premium.
B. A frozen food company collaborates with farmers to create a proprietary blend of vegetables that are locally sourced at competitive prices, enhancing the product's unique value proposition.
C. A bakery switches suppliers frequently to find the cheapest flour available, resulting in inconsistent quality and customer dissatisfaction with their bread products.
D. A juice company relies solely on imported fruits to maintain consistent flavor profiles, ignoring local agricultural options that could reduce costs.

1.9 Which of the following strategies best addresses the health aspects and non-seasonality expectations of food manufacturers?

A. A salad dressing company uses seasonal herbs and vegetables sourced locally, promoting freshness but risking fluctuations in availability and health benefits.
B. A nutritional supplement brand partners with farmers to source non-GMO and organic ingredients, ensuring health benefits while also employing advanced greenhouse techniques to provide year-round supply.
C. A snack manufacturer uses highly processed ingredients with unclear health implications to reduce costs and ensure constant availability of products throughout the year.
D. A yogurt producer relies on traditional farming practices that are heavily dependent on seasonal milk production, compromising their health claims during off-peak seasons.

1.10 In what way can food manufacturers best manage their expectations regarding processing and seasonal variability from agricultural suppliers?

A. A canning company invests in technology that allows them to process fruits and vegetables immediately after harvest, minimizing seasonal impacts and ensuring quality.
B. A grain mill only purchases wheat during the harvest season, leading to fluctuating prices and supply issues throughout the year.
C. A pasta manufacturer decides to solely rely on imported durum wheat, thus avoiding local seasonal variations but increasing transportation costs.
D. A fresh produce retailer depends entirely on local farms, which leads to supply gaps during the off-season and inconsistent product availability.

1.11 Which of the following statements accurately describes a key characteristic of a partnership compared to a sole proprietorship?

A. A partnership offers limited liability protection to its owners, while a sole proprietorship does not.
B. A sole proprietorship allows for easier decision-making processes due to fewer owners involved compared to a partnership.
C. A partnership is required to file annual reports with the government, while a sole proprietorship is exempt from this requirement.
D. A sole proprietorship must have a formal agreement outlining the roles and responsibilities of the owner, whereas a partnership does not require any formal structure.

1.12 Which statement best reflects the management structure differences between a corporation and a sole proprietorship?

A. In a corporation, decision-making is centralized with a single owner, while in a sole proprietorship, decision-making is shared among multiple partners.
B. A corporation requires a board of directors to oversee operations, whereas a sole proprietorship allows the owner complete control over business decisions.
C. Sole proprietorships are often required to hold annual meetings and elect officers, while corporations have fewer formalities in management.
D. In a corporation, shareholders have equal voting rights regardless of their investment size, while in a sole proprietorship, the owner's control is determined by the level of investment.

1.13 What is the primary function of marketing boards as facilitators in agricultural markets?

A) To impose price controls on agricultural products.

B) To enhance communication and cooperation among stakeholders in the supply chain.

C) To directly sell agricultural products to consumers.

D) To conduct market research exclusively for government agencies.

1. 14 Which of the following best describes the regulatory role of marketing boards?

A) Setting production quotas for farmers to ensure market stability.

B) Eliminating all forms of competition in the agricultural sector.

C) Providing subsidies to farmers based on their production levels.

D) Monitoring and enforcing compliance with quality standards for agricultural products.

1.15 Which of the following actions represents a marketing board acting as a change agent in the agricultural sector?

A) Increasing tariffs on imported agricultural products.

B) Hosting workshops to educate farmers about sustainable practices.

C) Mandating fixed prices for all crops produced.

D) Restricting access to markets for non-compliant farmers.

1.16 How can marketing boards simultaneously act as facilitators and regulators in the agricultural market?

A) By controlling prices while also promoting trade fairs for farmers.

B) By providing subsidies and simultaneously regulating crop quality.

C) By enforcing market access regulations while creating networking opportunities for producers.

D) By banning certain crops and organizing competitions for best practices.

1.17 Which metric would be most effective in evaluating the success of a marketing board's role as a change agent?

A) The increase in regulatory fines imposed on non-compliant producers.

B) The number of new farming techniques adopted by local farmers as a result of board initiatives.

C) The total volume of agricultural products sold through marketing board channels.

D) The decrease in the number of farmers participating in board-led programs.

1.18 1Which of the following factors best indicates the effectiveness of a marketing board in contributing to orderly and efficient marketing?

A) The number of farmers participating in the board's programs.

B) The stability and predictability of prices for agricultural products over time.

C) The volume of products sold through alternative channels.

D) The reduction in the number of new entrants to the market.

1.19 How does a marketing board reduce the capacity of intermediaries to manipulate margins at the expense of producers and consumers?

A) By imposing high tariffs on imported goods.

B) By establishing fixed prices for all agricultural products, thereby reducing variability.

C) By increasing the number of intermediaries in the supply chain.

D) By offering direct marketing opportunities that bypass traditional intermediaries.

1.20 What is a key characteristic of producer-oriented monopoly power generated by a marketing board?

A) It ensures that consumers pay the lowest possible prices for agricultural products.

B) It allows producers to dictate market prices without regard to consumer demand.

C) It enables producers to collaborate in setting prices that enhance their profitability while maintaining a competitive market.

D) It minimizes the influence of external market forces on producer incomes.

1.21 Which of the following metrics would best measure the effectiveness of a marketing board in achieving orderly and efficient marketing?

A) The percentage of farmers receiving subsidies from the board.

B) The average transaction time for agricultural products from producers to consumers.

C) The total sales revenue generated by the board.

D) The number of marketing boards operating in the country.

1.22 In the context of marketing boards, which of the following scenarios illustrates a conflict between producer-oriented monopoly power and consumer interests?

A) A marketing board increases the price of a staple crop to ensure producer profitability.

B) A marketing board conducts outreach programs to educate consumers about product benefits.

C) A marketing board invests in infrastructure to improve market access for all producers.

D) A marketing board implements a pricing strategy that considers both producer costs and consumer purchasing power.

1.23 What is a potential drawback of the generation of producer-oriented monopoly power by marketing boards?

A) It can lead to increased competition among producers.

B) It may result in reduced consumer choices and higher prices.

C) It fosters innovation and technological advancement in agriculture.

D) It enhances the overall efficiency of agricultural marketing systems.

1.24 Which approach would most effectively assess the reduction in intermediary manipulation due to a marketing board's actions?

A) Analyzing trends in consumer prices before and after the board's establishment.

B) Evaluating the number of intermediaries operating in the market.

C) Surveying producers about their experiences with intermediaries.

D) Monitoring the profit margins of intermediaries over time.

1.25 How does the establishment of a marketing board influence the market structure within the agricultural sector?

A) It eliminates all forms of competition among producers.

B) It consolidates power among producers while potentially marginalizing small-scale farmers.

C) It guarantees equal market access for all producers without any bias.

D) It restricts market entry, fostering a more diverse agricultural sector.

1.26 In the context of outright purchase by a cooperative, which of the following statements is true?

A) Members are paid based on the market price at the end of the selling season.

B) Members retain ownership of their produce until it is sold to consumers.

C) The cooperative takes immediate ownership of the produce upon delivery, paying members fixed prices.

D) Members are compensated only after the cooperative has sold their produce.

1.27 What is the primary risk that cooperatives face when engaging in outright purchases of produce?

A) The risk of overproduction leading to lower prices.

B) The risk of poor quality resulting from inadequate grading practices.

C) The risk of demand fluctuations and price volatility after purchase.

D) The risk of farmer dissatisfaction with fixed prices.

1.28 Which of the following financial challenges is most directly associated with outright purchase by a cooperative?

A) Increased transaction costs for each sale.

B) The need for a robust credit system to finance producer payments.

C) The potential for financial losses due to spoilage and deterioration of produce.

D) The necessity for continuous marketing efforts to promote member products.

1.29 1Which of the following factors could lead to a reduction in the value of produce after it has been purchased outright by the cooperative?

A) Changes in consumer preferences leading to decreased demand.

B) Increased competition from other cooperatives.

C) Enhanced grading standards adopted by the cooperative.

D) Higher transportation costs for moving produce.

1.30 What strategy could a cooperative implement to mitigate risks associated with outright purchases?

A) Rely solely on fixed pricing for all member transactions.

B) Develop a diversified product portfolio to reduce dependence on single commodities.

C) Limit member participation to large-scale producers only.

D) Decrease investment in storage facilities to cut costs.

1.31 What is one key reason for focusing management action on external events in marketing planning?

A) To improve internal processes.

B) To enhance the organization's strengths.

C) To identify opportunities and threats in the market.

D) To allocate resources more effectively.

1.32 How does a long-term perspective in marketing planning benefit an organization?

A) It encourages immediate gains and quick profits.

B) It helps align marketing strategies with future market trends and customer needs.

C) It limits the scope of marketing initiatives to current capabilities.

D) It prioritizes short-term sales over sustainable growth.

1.33 What role does marketing planning play in resource allocation decisions?

A) It ensures resources are allocated based on historical data alone.

B) It allows for flexible reallocation of resources in response to market conditions.

C) It focuses solely on reducing costs without regard for opportunities.

D) It eliminates the need for financial analysis in decision-making.

1.34 Which of the following best describes how marketing planning provides a monitoring and control mechanism?

A) It establishes rigid guidelines that prevent changes in strategy.

B) It sets performance benchmarks to evaluate marketing effectiveness and adjust strategies accordingly.

C) It focuses on creative ideas without assessing their outcomes.

D) It only monitors financial performance without considering customer feedback.

1.35 How does effective marketing planning facilitate communication and coordination within an organization?

A) It creates silos between departments, limiting collaboration.

B) It establishes a clear framework for sharing information across various teams.

C) It focuses on marketing goals without considering other departments.

D) It discourages feedback from team members to streamline decision-making.

1.36 Why is the ability to cope with a changing and unpredictable environment important in marketing planning?

A) It eliminates the need for strategic adjustments.

B) It helps organizations remain stagnant and avoid risks.

C) It enables organizations to adapt their strategies to meet emerging market challenges and opportunities.

D) It ensures that all marketing efforts are solely based on past successes.

1.37 In the context of marketing planning, why is it important to prioritize an outward focus over an inward focus?

A) An outward focus limits understanding of market dynamics.

B) It enhances the organization's ability to respond to customer needs and market changes.

C) It ensures that internal strengths are fully utilized at all times.

D) It eliminates the need for competitive analysis.

1.38 What is the primary purpose of the executive summary in a marketing plan?

A) To provide detailed financial analysis.

B) To summarize the main points and recommendations of the plan.

C) To outline the corporate purpose.

D) To list all marketing activities.

1.39 Why is monitoring, evaluation, and control important in a marketing plan?

A) It allows for creative freedom without limits.

B) It ensures that marketing activities stay on track and meet objectives.

C) It eliminates the need for any changes during execution.

D) It only focuses on financial outcomes.

1.40 What does overall market share refer to?

A) The total sales of a company as a percentage of the sales of its nearest competitor.

B) The total sales of a company as a percentage of the sales of the entire market.

C) The total sales of a specific segment compared to competitors in that segment.

D) The growth rate of a company's sales over a given period.

QUESTION 2 [10 Marks]

2.1 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.

2.2 A marketing system can be effective without being efficient.

2.3 Pricing efficiency is based on the assumption that competitive markets are efficient

2.4 A vegetable farmer in King Williams Town sells cabbage at a farm gate price of R15/ head and the retail price of Cabbage is R20/head, the marketing margin percentage would be 24%.

2.5 Assume that mangoes are packed 50 kg at a time in wooden boxes with occasional repairs and can be used for five trips. A box costs R55, repairs and cleaning during its life cost R25 each time the box is transported back empty to the producing area costs R15, and the packaging cost of mangoes per trip and kg would be R15 per trip and R0.3 per kg.

2.6 Assume that a warehouse is hired 60 days a year at a cost of R1200 and that the weighted average contents are 100 bags of potatoes. The storage costs of potatoes per day/bag would be R0.2 per bag/day.

2.7 List four categories of storage costs. (4)

QUESTION 3 **[Marks: 50]**

3.1 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)

3.2 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)

3.3 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 5m3 holds 20 kg of beetroot. Calculate the *transport cost* for potatoes and beatroot. (5)

3.4 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)

3.5 A farmer sells maize to a wholesaler at R3,500 per ton, while the wholesaler sells the same maize to a retailer at R5,000 per ton. The retailer then sells the maize to the final consumers at R6,500 per ton. (5)

3.6 A fruit vendor purchases 1 ton of apples from a farmer at R2,500 per ton and sells the apples at R3,750 per ton to a retailer. Calculate the mark-up percentage the vendor applies when selling the apples to the retailer (5)

3.7 If the price of beef increases from R80 to R100 per kilogram and the quantity demanded of chicken increases from 200 kilograms to 250 kilograms, calculate the cross price elasticity of demand for chicken. (5)

3.8 An increase in consumer income from R30,000 to R35,000 leads to an increase in the quantity demanded of organic carrots from 200 to 250 kilograms. Calculate the income elasticity of demand for organic carrots. (5)

3.9 A honey producer sets a selling price of R100 per jar. If the mark-up percentage is 50%, what is the cost price of producing the jar of honey? (5)

3.10 A local market vendor buys fresh tomatoes from a farmer at a cost of R12 per kilogram and sells them at R20 per kilogram. Calculate the mark-up percentage and the profit made per kilogram. (5)