

# University of Fort Hare

Honours Examinations

November 2016

**AGE 404 / 504 / 606**

**Agricultural Marketing, Prices and Policies**

Time: 3Hours

Marks: 100

This paper consists of one page, excluding the cover page

**Internal Examiners**

Dr. A. Taruvinga

Prof A. Mushunje

**External Examiner**

Prof P.K. Chauke

Instructions

Answer any FOUR questions of your choice

## Answer any FOUR questions of your choice

1. Graphically demonstrate how a state owned maize marketing board can be used to support maize producers and cushion consumers at national level under the following conditions;
  - (a) During a bumper maize harvest when the national maize market is flooded and producer price is very low capable of sending a disincentive signal to producers. [12.5]
  - (b) During a drought when the national maize market is under supplied and prices are very high. [12.5]

**Clue:** Assume static equilibrium and justify your assumptions. Briefly explain how the board achieves the support and cushioning effects.

2. Most farmers focus on trying to sell their “products” instead of the benefits offered by their products. Literature however suggests that any product can be marketed on three levels namely, (a) core product marketing, (b) tangible product marketing and (c) augmented product marketing. Using the product concept, illustrate how an agricultural product can be marketed as:
  - a. Core product. [10]
  - b. Tangible product. [10]
  - c. Augmented product. [5]

3. Literature suggest that it could be of great significance for smallholder farmers in Africa to become increasingly involved in the production for sale of high value to weight items that also have high value-added, such as animal products, horticulture and beverage crops and tradable items thought to be in Africa's comparative advantage. Demonstrate the above claim by mapping a value chain analysis of a selected horticulture crop of your choice.

**Clue:** Illustrate your value chain analysis using 2 flow diagrams:

- a) Product flow path. [12.5]
  - b) Product value path. [12.5]
4. *We can do away with the “middleman” but we cannot do away with his functions.* Thus far, discuss the relevance of middleman specifically in Africa under smallholder farmers. [25]
  5. *The aim of marketing is not to make a sale but to create a long term relationship with a customer.* Use the five-stage consumer buying decision process model to justify the above claim. [25]
-