



UNIVERSITY OF GHANA  
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COLLEGE OF AGRICULTURE AND CONSUMER SCIENCES  
DEPARTMENT OF AGRICULTURAL ECONOMICS AND AGRIBUSINESS

FIRST SEMESTER EXAMINATIONS: 2013/2014

LEVEL 400: BACHELOR OF SCIENCE IN AGRICULTURE

AGEC 409: AGRICULTURAL MARKETING AND PRICE ANALYSIS

ALL QUESTIONS CARRY EQUAL MARKS

DURATION: THREE (3) HOURS

ANSWER ANY FOUR QUESTIONS

**QUESTION 1**

- (a) Blue skies is a firm that produces both fruits and fruit juice for sale domestically and for export. You have been hired as a consultant to provide an insight into Agricultural Marketing to this firm. In your capacity as the consultant, enumerate and describe three approaches to Agricultural marketing that you will provide to this firm.

**(12 Marks)**

- (b) Market failure is a phenomenon that occurs in a market economy. Briefly describe this occurrence called market failure. Enumerate and discuss four causes of market failure in a market economy to a farmer who has no idea about this phenomenon.

**(8 Marks)**

- (c) Mr. Kojo has two firms, A and B. Firm A produces maize for sale, and this firm is in a Perfectly Competitive market; and Firm B produces a unique type of fertilizer that has no substitute, and this firm is in a Monopoly market. Mr. Kojo requires an insight into pricing under these two market situations. Briefly distinguish between pricing under these two market conditions to Mr. Kojo who is not well informed.

**(5 Marks)**

## QUESTION 2

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- (a) Blue Skies is a processing company in Ghana that processes pineapples for sale domestically and internationally. You have been hired as a consultant to advise Blue Skies on pricing strategies.

Discuss the pricing strategies that you will suggest to this company for the processed pineapple products for both the domestic and international markets, and provide the managerial and marketing management implications of the suggestions that you make to this company.

(15 Marks)

- (b) Describe each of the following concepts to an entrepreneur who wants to enter into Agribusiness. Provide one example of each.

- (i) Vertical integration
- (ii) Horizontal Integration
- (iii) Conglomerate Integration

(10 Marks)

## QUESTION 3

- (a) Palm wine is an alcoholic drink produced from palm trees. In the budget statement by the Government of Ghana, a new specific tax of GHS 2.00 has been levied on each bottle (1 litre) of palm wine sold by KUGGEH Company that produces this product for sale in Ghana. Assume that a newflash on the National Television Station in Ghana claims that 'this tax imposition will cause palm wine price to rise by GHS 2.00 per bottle (1 litre)'. Evaluate this statement in the light of elasticities of demand for, and of supply of palm wine in Ghana.

(17 Marks)

- (b) Enumerate and discuss the dimensions of transaction cost with reference to a particular supply chain of your choice.

(8 Marks)

#### QUESTION 4

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Managerial approach to agricultural marketing evaluates marketing from management point of view. It deals with the management of the 4-Ps of Marketing or what is known as the Marketing Mix.

Briefly describe the management of the Marketing Mix over the product life cycle of a processed agricultural product of your choice.

**[25 Marks]**

#### QUESTION 5

- (a) List and discuss four collective activities undertaken by Agricultural cooperatives in Ghana. Illustrate your answer with examples.

**(8 Marks)**

- (b) (i) Distinguish between a futures contract and a forward contract to a farmer who has no knowledge of these concepts.

(ii) Distinguish between a short hedger and a long hedger in commodity futures trade to an entrepreneur who wants to trade in the futures markets.

(iii) What is contract farming? Provide two examples of contract farming arrangements in Ghana.

**(7 Marks)**

- (c) Kay Company Limited and Josiah Company limited are two firms in Oligopolistic market, producing fertilizer for sale in Ghana. Explain what is meant by the Dominant strategy for these two firms? Provide an illustration of your answer using promotional spending and payoffs of these two firms.

**(6 Marks)**

- (d) What is Market integration? Illustrate your answer with an example.

**(4 Marks)**



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QUESTION 6

- (a) Mr. Joe is the Manager of KONKE Company Limited, an Agribusiness company that produces and sells two products: raw pineapple fruits, and pineapple juice. The price elasticity of demand for the raw pineapple fruit is 2.3, and that of the pineapple juice is 0.5. You have been hired as a consultant to advise Mr. Joe on the pricing decisions regarding the two products. Outline the advice that you will give to Mr. Joe regarding pricing of these two products. Illustrate your answer with well labeled diagrams.

(10 Marks)

- (b) Distinguish between supply chain and value chain, and provide an example of each concept in the context of Agribusiness.

(5 Marks)

- (c) Afipah Company Limited and Huang Company Limited are two firms in Oligopolistic market, producing a particular type of Agrochemical for sale in Ghana. An action by one firm provokes a competitive reaction on the part of the other firm. Assume that Afipah Company Limited decides to reduce its per unit price of the Agrochemical by 5% with the expectation of increasing the demand of the product by 5000 units per month. Briefly describe the reaction from Huang Company Limited, and the resulting demand curve for Afipah Company Limited under this circumstance. Illustrate your answer with a well labeled diagram.

(10 Marks)

