



JARAMOGI OGINGA ODINGA UNIVERSITY OF SCIENCE AND TECHNOLOGY
SCHOOL OF BUSINESS AND ECONOMICS
UNIVERSITY EXAMINATION FOR THE DEGREE OF BACHELOR IN AGRIBUSINESS
MANAGEMENT
2ND YEAR 2ND SEMESTER 2023/24 ACADEMIC YEAR
SIAYA CAMPUS

COURSE CODE: AEB 1202

COURSE TITLE: AGRIBUSINESS INDUSTRIAL ORGANIZATION

EXAM VENUE: LR I

STREAM: (SAFS)

DATE: 25/04/2024

EXAM SESSION: 9.00 – 11.00 AM

DURATION: 2 HOURS

INSTRUCTIONS

- 1.) Answer ALL questions in Section A ONE and any other TWO in Section B**
- 2.) Candidates are advised not to write on the question paper**
- 3.) Candidates must hand in the answer booklets to the invigilator while in the examination room.**

SECTION A

QUESTION ONE

- a) Explain some THREE characteristics of a monopolist (3 marks)
- ii) describe the factors that encourage standardization (4 marks)
- b) Write brief notes on the following
- i. Agribusiness (3 marks)
 - ii. Agronomics (3 marks)
- c) Explain the term differentiation (3 marks)
- d) Explain the importance of agri- business to the Kenyan Economy (6 marks)
- e) A monopolist is faced with the following demand and cost function

$$C = 50 + 20 Q$$

$$P = 100 - 2 Q$$

Find the equilibrium price, quantity and the maximum profit attainable (6 marks)

- f) What are the two main types of advertising that an agribusiness firm can pursue. (2 marks)

SECTION B

QUESTION TWO

Price discrimination is described as the practice of charging different prices for the same commodity. It can be based on individual, locality or use. In this context

- a) Discuss the necessary market conditions for firms that wish to employ price discrimination (10 marks)
- b) Discuss the three types of Price discriminations that different players in the market employ (10 marks)

QUESTION THREE

Makkio Enterprises is an agribusiness firm dealing in poultry. The firm has been purchasing inputs such as feeds from the local agro vet but at the same time selling chicken to middlemen and hotels within vicinity. Due to high cost of production and dwindling market opportunities, the firm's management has been contemplating formulation of their own feeds using the locally available ingredients. At the same time, the firm has taken upon itself to market its chicken and where possible add value consequently, opening eateries specializing in chicken and chicken products a part from delivering orders to customers thus cutting down on middle men.

- a) Identify with justification, the strategy being pursued by Makkio Enterprises (4 marks)
- b) Advise the management on the dangers of pursuing the strategy identified in (a) above (6 marks)

- c) The firm keeps broilers, layers and kienyeji chicken and wants to target different markets and customers using different attributes of the three types of the chicken being kept. Currently healthy lifestyle, food security and efficiency in production have been topical issues being propagated by policy makers. It is always the firm's policy to add a margin of 10 % on cost
- i) Identify the pricing method being pursued by the firm (2 marks)
 - ii) As an agribusiness specialist, advice the management on some of the differentiation strategies they can pursue (6 marks)
 - iii) What type of advertising will be suitable for this kind of products (2 marks)

QUESTION FOUR

Game Theory is a subfield of economics that studies how decisions are made in strategic situations

- a) Describe the basic assumptions of Game Theory (5 marks)
- b) Briefly explain the most common criticisms regarding the application of game theory in marketing (5 marks)
- c) Discuss applications of game theory (10 marks)

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