

# Study & Master

## Support Pack | Grade 12

CAPS

### Module 9 Units 1 – 5

# Agricultural Sciences

## Agricultural marketing

This support pack for the **Agricultural marketing** module in the **Agricultural Sciences Grade 12 CAPS curriculum** provides valuable revision activities. All activities have the answers provided. Learners can work through these individually at home or these could form the basis of a catch-up class or online lesson. You have permission to print or photocopy this document or distribute it electronically via email or WhatsApp.

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## Module 9 – Agricultural marketing

### Unit 1 Marketing

#### Short questions

1. Various possible answers are provided for the following questions. Write only the correct letter (A–D) next to the question number.
  - 1.1 One of the following is not a physical function of marketing.
    - A buying
    - B storage
    - C processing
    - D transport
  - 1.2 An example of a processing function is .....
    - A protection
    - B refrigeration
    - C packing in containers
    - D canning
  - 1.3 The risk of marketing agricultural products can be reduced by .....
    - A insurance
    - B over-supply of product
    - C under-supply of product
    - D competition
2. Supply ONE word/term for each of the following descriptions. Write only the word/term next to the question number.
  - 2.1 The exchange of goods for cash
  - 2.2 The process that moves the product from the farm to the consumer
  - 2.3 Acquiring goods for cash
  - 2.4 Making a product more profitable by processing it
  - 2.5 When a business gives certain activities or functions to another business to perform on its behalf
  - 2.6 The process of collecting, interpreting and disseminating market information
  - 2.7 The place where sellers, producers and buyers meet to agree on the best price for a product
  - 2.8 A customer-orientated activity that seeks to earn profits through customer satisfaction
  - 2.9 Altering the raw form of a product into a form that is easier for the consumer to use
  - 2.10 An aspect of marketing that is concerned with the sale of goods already produced

3 × 2 (6)

10 × 2 (20)

#### Longer questions

3. In table form, compare selling and marketing. (6)
4. List FIVE advantages of processing raw agricultural products. (5)
5. If four farmers market their strawberries together under one brand, 'Red Cheeks', and they know they will receive a price of R40/kg for grade 1 strawberries and R35/kg for grade 2 strawberries, how should they prepare their strawberries for market? (3)
6. Draw a flow diagram of the process followed to market any agricultural product. Include at least three by-products of the fresh product. (4)

**Unit 2****Price determination and demand/supply****Short questions**

1. Various possible answers are provided for the following questions. Write only the correct letter (A–D) next to the question number.
- 1.1 At the beginning of October, peaches are more expensive than at the end of January, because ..... .  
 A the supply of peaches to the market is strictly controlled during October  
 B the earlier fruit has a better taste and quality  
 C the supply of peaches in October is still limited  
 D it costs more to have peaches on the market early in December
- 1.2 The law of demand states that ..... .  
 A the greater the number of consumers, the lower the demand for a specific product will be  
 B the higher the income of consumers, the less demand there will be for a specific product  
 C when the price of a product increases, the demand for it increases  
 D when the price of a product decreases, the demand for it increases
- 1.3 Increasing the demand for a product remains the same for any producer. Using cultural values would be the most effective way to achieve this for his/her produce. This can be done by encouraging ..... .  
 A a pig producer to use more maize for feed mixtures  
 B rural and urban communities to eat more porridge made from maize meal with their meals  
 C vegetarians to eat more products made from maize  
 D a dairy farmer to utilise more maize meal in his dairy rations
- 1.4 The process that describes the changes to primary agricultural products at an industrial plant to increase their value is called ..... .  
 A distribution  
 B preservation  
 C a marketing chain  
 D processing
- 1.5 The law of demand for goods/products states that the ..... .  
 A higher the price, the more goods/products will be supplied  
 B lower the price, the more goods/products will be supplied  
 C higher the price, the more goods/products will be bought  
 D none of the above
2. Supply ONE word/term for each of the following descriptions. Write only the word/term next to the question number.
- 2.1 The transformation of agricultural produce into a different product
- 2.2 The term indicating the amount of a commodity that a producer is willing to market
- 2.3 In the stages of the marketing chain, accidents, theft and spoilage could be regarded as ..... .
- 2.4 The way the price changes a demand or supply curve

5 × 2 (10)

4 × 2 (8)

**Longer questions**

3. Study the following table that gives a summary of the production flow of a farmer Fatima Maasdoorp, who produces potatoes in the Joubertina district of the Eastern Cape. Then answer the questions.

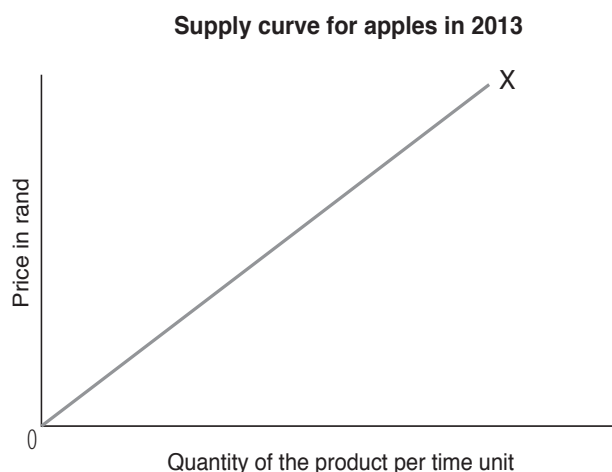
Number of 8 kg potato pockets		Price/pocket (rands)
Demand per week (8 kg pockets)	Supply per week (8 kg pockets)	
30 000	60 000	20
35 000	58 000	18
40 000	56 000	16
42 000	50 000	14
46 000	48 000	12
50 000	44 000	10
58 000	40 000	8

- 3.1 Use the information in the table and draw both demand and supply curves on the same axes. (6)
- 3.2 Use the graph you have drawn to determine where the market equilibrium would be. (2)
- 3.3 What will happen if the price of potatoes in South Africa is fixed at R10 a pocket? (2)
- 3.4 If the demand in a week doubles and the supply can only be increased by 20%, what will happen to potatoes on the market? (2)
- 3.5 How will the doubling of demand influence the market price? (2)
4. A group of rabbit farmers started a project that is relatively new in a community. To ensure that their product is marketed effectively, they had to develop a marketing strategy. Briefly discuss the marketing strategy under the following headings:
  - 4.1 product (3)
  - 4.2 placement (2)
5. List FIVE factors that influence demand. (5)
6. List FIVE factors that influence supply. (5)

## Unit 3 Market equilibrium

### Short questions

1. Various possible answers are provided for the following questions. Write only the correct letter (A–D) next to the question number.
  - 1.1 If a fixed price is set on the market for farmers to buy tables then ..... .
    - A the demand for tables will increase
    - B the supply of tables will decrease
    - C a shortage of tables will develop
    - D all of the above are correct
  - 1.2 A factor that does not affect a shift in the demand curve is ..... .
    - A consumer income
    - B consumer preference
    - C consumer gender
    - D consumer size and composition
  - 1.3 The straight line X in the graphic representation represents the ..... of the product.
    - A market equilibrium
    - B shortage
    - C demand
    - D supply
  - 1.4 Producer surplus is the ..... .
    - A area under the supply curve, to the left of the amount sold
    - B amount a seller is paid minus the cost of production
    - C area between the supply and demand curves, above the equilibrium price
    - D point where the supply curve and demand curve intersect
  - 1.5 Which of the following apply to eco-labelling?
    - i) It is a form of sustainable measurement directed at consumers.
    - ii) It does not take environmental concerns into account.
    - iii) It does not make use of index unit for measurement.
    - iv) It exists for both food and consumer products.
    - A (i), (ii), (iii) and (iv)
    - B (i), (ii) and (iii)
    - C (i), (ii) and (iv)
    - D (i) and (iv)

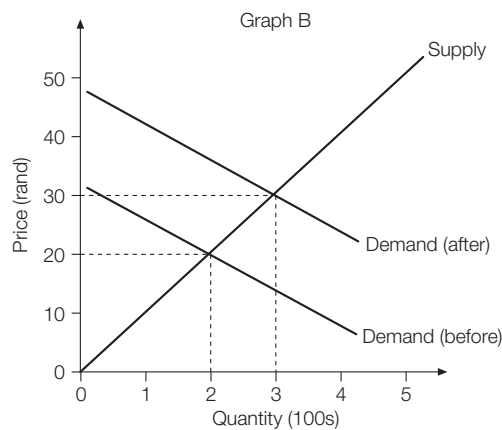
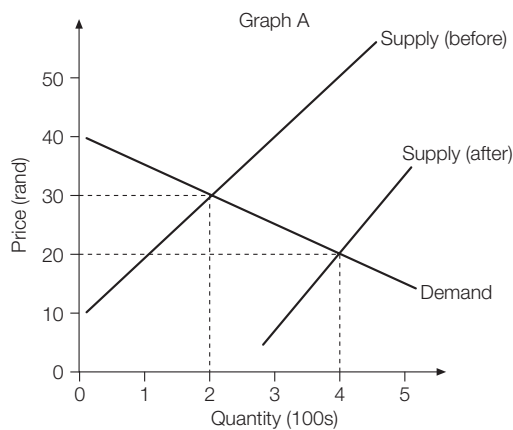


5 × 2 (10)

2. Supply ONE word/term for each of the following descriptions. Write only the word/term next to the question number.
    - 2.1 The point at which the market supply and demand intersect
    - 2.2 When the quantity supplied is less than the quantity demanded
    - 2.3 When a price has been set for goods and services and in most circumstances no bargaining is permitted
    - 2.4 A focused, targetable portion of a market
    - 2.5 A marketing strategy when a company tries to gain customers from more than one type of market for the same product and uses
    - 2.6 The selling and promotion of agricultural products with a special limited utilisation value to a small segment of the market by small and micro-enterprises
- 6 × 2 (12)

### Longer questions

3. Define the following terms:
  - 3.1 green marketing (2)
  - 3.2 eco-labelling (2)
4. The graphs below show the changes in equilibrium prices when the supply (graph A) and demand (graph B) of a product increase or decrease at different times.



- 4.1 Explain the relationship between supply and demand illustrated in the graphs. (2)
- 4.2 Define the equilibrium price for a particular agricultural product. (2)
- 4.3 Describe the effect of supply at different times on the equilibrium price, as illustrated in graph A. (2)
- 4.4 Determine the quantities of the product sold at the equilibrium price before and after a specific event that affected the marketing of that product, as indicated in graph B. (2)
- 4.5 Choose a graph that represents the marketing of an agricultural product that resulted in a higher demand after intensive promotion was done. Give a reason to support your answer. (2)
5. Study the following pricing strategies. Match each of the strategies listed in 5.1–5.8 with one or more of the examples. Write just the letter or letters of the answers next to the question number.

<p>A</p> <p><b>Mario's Frankfurters</b></p> <p>Nadia's eggs <b>R10.99</b> per doz.</p>	<p>B</p> <p><b>Dewald's Value Store</b></p> <p>Dewald's own samoosas <b>Only R2.50</b></p>	<p>C</p> <p><b>Special Offer</b></p> <p>Free braai grid for every 2kg chops purchased</p>	<p>D</p> <p><b>Sweet potatoes below cost price</b></p>	<p>E</p> <p><b>All mushrooms</b></p> <p>Buy 3 packets, get 2 packets free</p>	<p>F</p> <p><b>Mixed packs</b></p> <p>Pears and apples <b>R6.00</b></p>
<p>G</p> <p><b>Tea</b> R4.00/box</p> <p><b>Milk</b> R6.00/bottle</p>	<p>H</p> <p><b>All cold meat</b> R20.00 per kg</p> <p>This Wednesday only</p>				

- 5.1 Price lining: Using a limited number of prices for all goods on offer

- 5.2 Loss leading: Selling one product below cost to attract customers in the hope that they will buy other goods
- 5.3 Value pricing: Offering 'cheaper' versions of the product
- 5.4 Promotional pricing: Using special offers to introduce goods or to set them apart from other goods
- 5.5 Product bundle pricing: Selling things together to get rid of goods that people might not usually buy
- 5.6 Captive product pricing: Selling one product for a low price, so that you can make money on the matching product
- 5.7 Optional product pricing: An attempt to get the consumer to spend more by offering 'optional' extras
- 5.8 Psychological pricing: Giving odd prices to make it look like the customer is paying less (for example R10,99 instead of R11,00)

(9)

## Unit 4 Agricultural marketing systems

### Short questions

1. Various possible answers are provided for the following questions. Write only the correct letter (A–D) next to the question number.

- 1.1 The marketing of products in an uncontrolled way is ..... .
  - A co-operative marketing
  - B free marketing
  - C commercial marketing
  - D direct marketing
- 1.2 Products that are marketed over the internet have the following advantage.
  - A They can reach a global audience.
  - B The volume of sales is guaranteed to the farmer.
  - C Promotion is done on behalf of the farmer.
  - D Small-scale farmers have access to these sales.
- 1.3 Fresh produce markets are set up in larger centres mainly for the sale of fruit and vegetables. One disadvantage is ..... .
  - A the farmer can employ the services of an agent
  - B the market is able to sell large quantities of the farmer's produce
  - C farmers can take advantage of higher prices in times of short supply
  - D prices fluctuate
- 1.4 Livestock and game are sold on auction at livestock auction yards. The advantages are ..... .
  - i) promotion is done on behalf of the farmer
  - ii) payment by the buyer is guaranteed
  - iii) the price may be lower than market price
  - iv) small-scale farmers may not have the money or transport to take their animals to auction sales

Which ONE of the following combinations is correct?

- A (i), (ii), (iii) and (iv)
  - B (ii), (iii) and (iv)
  - C (i) and (ii)
  - D (iii) only
- 1.5 The benefits of co-operative marketing are ..... .
- i) more even flow of products to market is achieved
  - ii) the producer is not burdened by marketing
  - iii) farming requirements and services are supplied more cheaply
  - iv) with bulk handling, the marketing costs per unit are lower

Which ONE of the following combinations is correct?

- A (i), (ii), (iii) and (iv)
- B (i), (ii) and (iii)
- C (ii) and (iv)
- D none of the above

5 × 2 (10)

2. Supply ONE word/term for each of the following descriptions. Write only the word/term next to the question number.
- 2.1 When the marketing of products is not controlled and they are marketed freely
  - 2.2 Marketing done by the farmer at the point of production
  - 2.3 When markets are set up in centres mainly for the sale of fruit and vegetables
  - 2.4 Auction sales held regularly at a number of sale yards
  - 2.5 A system of marketing in which the farmer sells directly to the retailer

5 × 2 (10)

### Longer questions

3. Study illustration A below of a marketing system and answer the questions that follow:

A



- 3.1 Identify the type of marketing that is illustrated. (2)
  - 3.2 Define this type of marketing. (2)
  - 3.3 List THREE advantages of this marketing. (3)
  - 3.4 List TWO disadvantages of this marketing. (2)
  - 3.5 Name THREE channels of a free market system. (3)
4. Study illustration B below of a marketing system and answer the questions that follow:

B



- 4.1 Identify the type of marketing that is illustrated. (2)
  - 4.2 List THREE advantages of this type of market system. (3)
5. In South Africa there has been a big shift in production systems over the past decades and marketing boards no longer exist. Explain how these factors influence farmers' marketing choices nowadays. (4)

## Unit 5 Agricultural marketing chain

### Short questions

1. Various possible answers are provided for the following questions. Write only the correct letter (A–D) next to the question number.
- 1.1 Supply chains link ..... .
- i) producers
  - ii) processors
  - iii) marketers
  - iv) distributors

Which ONE of the following combinations is correct?

- A (i), (ii), (iii) and (iv)
- B (i), (ii) and (iv)



- C (i), (ii) and (iii)
- D (ii), (iii) and (iv)

1.2 Components of the demand chain are ..... .

- i) marketing
- ii) distribution
- iii) sales
- iv) service

Which ONE of the following combinations is correct?

- A (i), (iii) and (iv)
- B (i), (ii) and (iv)
- C (i), (ii) and (iii)
- D (ii), (iii) and (iv)

1.3 The components of a supply chain are ..... .

- i) purchasing
- ii) manufacturing
- iii) distribution
- iv) sales

Which ONE of the following combinations is correct?

- A (i), (ii), (iii) and (iv)
- B (i), (ii) and (iii)
- C (i), (ii) and (iii)
- D (ii), (iii) and (iv)

1.4 The main ways to streamline and improve agri-business plans are ..... .

- i) collecting information
- ii) selecting a marketing chain
- iii) selling products
- iv) mapping the marketing chain

Which ONE of the following combinations is correct?

- A (i), (ii), (iii) and (iv)
- B (i), (ii) and (iv)
- C (i), (ii) and (iii)
- D (ii), (iii) and (iv)

1.5 A characteristic of the demand chain is ..... .

- A efficiency focus
- B focus on planning and controls
- C short-term orientation
- D cash flow and profitability are the key drivers

5 × 2 (10)

2. Supply ONE word/term for each of the following descriptions. Write only the word/term next to the question number.

2.1 The flow of products from production point to consumption

2.2 The marketing chain that is made up of producers, processors, marketers and distributors

2.3 The marketing chain that is made up of enterprises that sell a business's goods and services

2.4 An attempt to grade products of biological origin

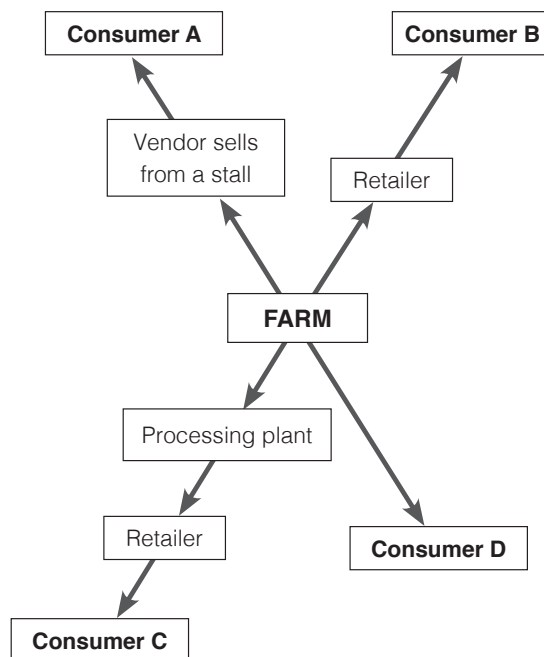
2.5 Certain products with this characteristic require more space for transport and storage

5 × 2 (10)



## Longer questions

3. The diagram below illustrates the route followed by a product from a farm to different consumers.



- 3.1 Identify the marketing aspect illustrated in the diagram. (1)
- 3.2 Which consumer (A, B, C or D) will pay the most for the product that originated on the farm? Motivate your answer. (3)
- 3.3 Choose the most appropriate consumer in the diagram that matches each of the following statements.
- 3.3.1 A person who buys fresh agricultural products from a person selling small quantities at the station (1)
- 3.3.2 A person stopping at the farm to buy fresh products from the farmer (1)
- 3.3.3 A person who buys processed products from a large retail grocery store (1)
4. Study the following information about marketing margins:

Price paid to farmer			
Livestock	Price (R/kg)	Cereals	(R/ton)
Chicken	R20,00	Maize	R2 100
Veal	R80,00	Wheat	R2 890
Sheep	R60,50	Sunflower	R3 200

In the same week the co-operative sells the following products:

- 800 g chicken @ R20.00
  - 3 kg white flour @ R20.00
  - 500 g mutton chops @ R88.00
  - 2,5 kg maize meal @ R16.20
  - 500 ml sunflower oil @ R8.00
  - 500 g veal @ R60.00
- 4.1 What was the price per kilogram paid to the farmers for each of these products? (3)
- 4.2 Work out the price/kg paid by the consumer. (3)
- 4.3 Calculate the difference in each price. (6)
5. The following are examples of factors that hamper the marketing chain:
- poor gravel roads
  - spoilage
  - accidents and loss of cargo.
- 5.1 How can the situations such as those in the examples influence marketing costs?  $3 \times 2$  (6)
- 5.2 Name THREE other factors that result in a big difference between the price the farmer receives and the price the consumer pays. (3)

# Memorandum

## Unit 1

### Short questions

- 1.1 A                      1.2 D                      1.3 A                      (6)  
 2.1 Selling              2.2 Marketing              2.3 Buying              2.4 Value adding              2.5 Outsourcing  
 2.6 Market intelligence              2.7 Market  
 2.8 Marketing              2.9 Processing              2.10 Selling              (20)

### Longer questions

3. Comparison of selling and marketing (any three points of comparison):

Selling	Marketing
Emphasis is on the agricultural product.	Emphasis is on customers' wants.
Management is sales-volume orientated.	Management is profit orientated.
Focus is on the needs of the seller.	Focus is on the wants of buyers.
Planning is short-term based.	Planning is long-term based.

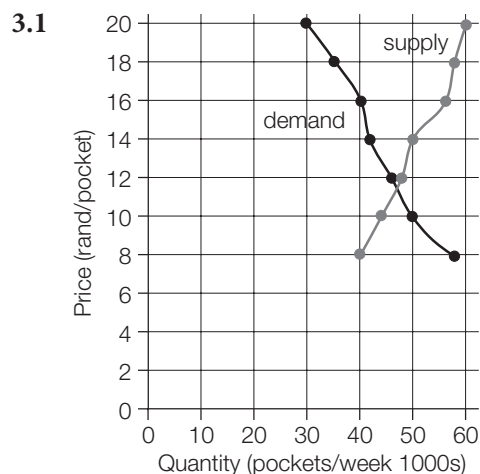
4. Advantages of processing raw agricultural products (any five):  
 • Provides job opportunities  
 • Increases the value of the product  
 • Reduces wastage  
 • Storage period increases  
 • Overcomes over-supply  
 • Easier packing and handling of products              (5)
5. They should grade their strawberries according to specifications and then weigh the quantity of each grade. The four farmers can then combine strawberries of a particular grade (1, 2 or 3) into one consignment that can then be delivered to the market.              (3)
6. Example answer: milk – butter – cheese – condensed milk              (4)

## Unit 2

### Short questions

- 1.1 C              1.2 D              1.3 B              1.4 D              1.5 A              (10)  
 2.1 value adding              2.2 supply              2.3 losses              2.4 elasticity              (8)

### Longer questions



Use the following checklist to mark the answer:

	Marks
• Type of graph correct: line graph	1
• Points correctly plotted (all must be correct)	2
• y-axis: price (rand)	1
• x-axis: pockets of potatoes/week (000s)	1
• Accurate heading provided	1
<b>Total:</b>	<b>6</b>

- 3.2  $\pm 48\,000$  pockets/week (2)
- 3.3 Under-supply – farmers will not plant potatoes any more. (2)
- 3.4 There will be an under-supply. (2)
- 3.5 The demand will be high and therefore the price will also increase. (2)
- 4.1 Product – the farmers must consider the following points (any three):
- Quality of the product
  - Design of the packaging
  - Size of the product
  - Variety of the product
  - The brand/name (3)
- 4.2 Placement (any two):
- This is the process of distributing the product from one point to the other.
  - This requires transportation, storage and refrigeration of the product.
  - The control of movement of goods is called logistics. (2)
5. Factors that influence demand (any five):
- Price of the product
  - Change in consumer income
  - Number of consumers
  - Taste and preference of consumer
  - Price of competing and complementing goods
  - Range of products
  - Use of the product
  - Price expectation (5)
6. Factors that influence supply (any five):
- Price of the product
  - Production cost
  - Change in technology
  - Nature
  - Subsidies and taxation
  - Number of suppliers
  - Price expectation (5)

## Unit 3

### Short questions

- 1.1 D      1.2 C      1.3 D      1.4 C      1.5 D (10)
- 2.1 Market equilibrium    2.2 Shortage    2.3 Fixed price    2.4 Niche
- 2.5 Multi-segment marketing    2.6 Niche marketing (12)

### Longer questions

- 3.1 Green marketing is environmental marketing or ecological marketing. A business gets involved in green marketing whenever its products are promoted as being environmentally friendly. (2)

- 3.2 Eco-labelling is labelling for food and consumer products. Eco-labels are a form of sustainability measurement directed at consumers, intended to make it easy to take environmental concerns into account when shopping. (2)
- 4.1 Reversed relationship – as the quantity supplied increases, the demand for the product will decrease. (2)
- 4.2 Supply = demand (2)
- 4.3 Equilibrium price was high R30 at supply (before) and low R20 at supply (after). The supply before had an equilibrium price that was higher compared to the situation after. (2)
- 4.4 Quantities before = 200  
Quantities after = 300 (2)
- 4.5 Graph B. The demand was higher after the promotion (demand before was 200 and then increased to 300). (2)
- 5.1 Price lining – H
- 5.2 Loss leading – D
- 5.3 Value pricing – B
- 5.4 Promotional pricing – E
- 5.5 Product bundle pricing – F
- 5.6 Captive product pricing – G
- 5.7 Optional product pricing – C and E
- 5.8 Psychological pricing – A (9)

## Unit 4

### Short questions

- 1.1 B      1.2 A      1.3 D      1.4 C      1.5 A (10)
- 2.1 Free marketing      2.2 Farm gate marketing      2.3 Fresh produce market
- 2.4 Stock sales      2.5 Direct marketing (10)

### Longer questions

- 3.1 Free marketing (2)
- 3.2 You can sell what you want, where you want, whenever you want. (2)
- 3.3 Advantages of free marketing (any three):
- Products of high quality
  - Payment in cash
  - Entrepreneur shows initiative and drive
  - Middleman limited
  - Stimulates entrepreneur to work harder
  - Little delay in receiving payment (3)
- 3.4 Disadvantages of free marketing (any two):
- Prices fluctuate considerably
  - Market costs are high
  - Producer is responsible for marketing
  - Limited bargaining power exists
  - Risk is great
  - Very often cartels operate
  - If agent is not fully effective, profit may be smaller (2)
- 3.5 Channels of free marketing (any three):
- Fresh produce markets
  - Stock sales
  - Direct marketing
  - Internet marketing (3)
- 4.1 Farm gate marketing (2)

#### 4.2 Advantages of farm gate marketing (any three):

- Producer may be able to obtain a market price without incurring marketing costs
  - Products are fresh with little or no quality loss
  - Sold at low price
  - No transport costs
  - Better suited to smaller-scale farmer
  - Produce can be sold by farmer him/herself
- (3)

#### 5. Agricultural marketing in South Africa:

- Free marketing has become more popular
  - In the past, marketing boards were responsible for price-fixing. Today, supply and demand have an influence on the price of products
  - Control boards were responsible for collecting, storage and processing of products. Today, private entrepreneurs are responsible for this. Black economic empowerment small-scale farming has grown
  - The tendency is to use free marketing to market and sell smaller quantities of produce
- (4)

## Unit 5

### Short questions

1.1 A      1.2 A      1.3 C      1.4 B      1.5 D (10)

2.1 Marketing chain      2.2 Supply chain      2.3 Demand chain

2.4 Standardisation      2.5 Bulkiness (10)

### Longer questions

3.1 Marketing chain/distribution network (1)

3.2 Consumer C. The most intermediaries are used/the product has been value added. (3)

3.3.1 Consumer A (1)

3.3.2 Consumer D (1)

3.3.3 Consumer C (1)

#### 4.1–4.3

Product	Price/kg paid to farmer	Price/kg paid by consumer	Difference in price
Chicken	R20,00	R25,00	R5,00
Veal	R80,00	R120,00	R40,00
Sheep	R60,50	R176,00	R115,00
Maize	R2,10	R6,48	R4,38
Wheat	R2,89	R6,67	R3,78
Sunflowers	R3,20	R16,00	R12,80

(12)

5.1 Poor gravel roads: Higher transportation costs, higher vehicle maintenance costs, increased product loss costs; transportation of produce on bad roads causes damage to perishable products such as fruit.

Spoilage: Increased product loss, costs through the loss of goods that are not suitable for selling.

Accidents and loss of cargo: Increased transportation costs, paying for insurance, paying for a second vehicle to collect and deliver goods.

(6)

5.2 Factors that result in a difference between the price paid to farmer and price paid by consumer (any three):

- Transporting goods from the farm to the market
  - Storing goods in a warehouse
  - Repacking fruit and vegetables in smaller holders/containers
  - Taxes and commissions
- (3)