EXAMINATION

Agricultural Economics & Marketing Reviewer Based On TOS (Module Module E: Agricultural Marketing) By Agriculture Review

Coverage: Module E — Agricultural Marketing (Items 1–50) **Portal:** Visit, agriculturereview.com

Part I. Multiple-Choice Questions

1. An agricultural marketing researcher traces fresh mangoes exclusively from Guimaras orchards through assembly traders, vapor-heat treatment plants, air-freight exporters, and Tokyo supermarkets to pinpoint bottlenecks specific to that fruit. Which approach to studying agricultural marketing is the researcher using?

- **a.** Institutional approach
- **b.** Commodity approach
- **c.** Functional approach
- **d.** Macroeconomic approach

2. A university team studies the Philippine rice marketing system by focusing primarily on the business organizations and people involved—specifically barangay assemblers, millers, wholesalers, brokers, and wet-market stallholders—to examine their roles and market power. Which study approach is being applied?

- **a.** Commodity approach
- **b.** Functional approach
- **c.** Institutional approach
- **d.** Behavioral consumption approach

3. A marketing analyst evaluates how the high concentration of just three large poultry integrators influences their pricing decisions, contract terms, and resulting profit margins across the broiler industry. Which analytical framework is she applying?

- **a.** Structure-conduct-performance approach
- **b.** Pure commodity approach
- **c.** Subsistence household approach
- **d.** Physical engineering approach

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4. When an agribusiness consultant breaks down vegetable marketing into buying, selling, transporting, storing, processing, grading, financing, risk bearing, and market information to evaluate cost efficiency at each activity, which study approach is being used?

a. Institutional approach
b. Regional geography approach
c. Product-line approach
d. Functional approach

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5. Within the functional classification of agricultural marketing activities, why are grading, financing, risk bearing, and market intelligence grouped together as facilitating functions rather than physical functions?

a. They physically alter the chemical composition of harvested crops
b. They do not move or transform the physical product directly, but they enable exchange and physical functions to operate smoothly and efficiently
c. They are performed exclusively by consumers after leaving the supermarket
d. They involve transferring legal title of goods without any cost

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6. Why is marketing fresh agricultural produce generally more complex and costlier per peso of product value than marketing manufactured household electronics?

a. Agricultural products are produced in a single centralized urban factory year-round
b. Consumers buy agricultural food items only once every five years
c. Agricultural products are highly perishable, bulky relative to value, seasonally harvested, non-uniform in quality, and produced by numerous small scattered farms
d. Agricultural products never require transportation, storage, or packaging

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7. A farmer sells raw palay directly to a miller, who polishes and bags it for a wholesaler, who then supplies a neighborhood sari-sari store where families buy milled rice. Which marketing function category encompasses the buying and selling negotiations that transfer ownership at each stage?

a. Exchange functions
b. Physical functions
c. Facilitating functions
d. Agronomic functions

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8. Upland highland cabbage harvested in Mountain Province has very low local value because nearby villagers already grow their own vegetables, yet it commands strong demand in Metro Manila. Which marketing function bridges this geographic gap and creates place utility?

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a. Grading and standardization
b. Cold-room storage
c. Retail price discounting
d. Transportation

9. Because palay is harvested heavily during two peak months while Filipino households consume rice every single day of the year, what vital role does commercial grain warehousing perform in the marketing system?

a. Eliminates the need for rice milling prior to cooking
b. Balances seasonal supply peaks with continuous year-round demand, creating time utility and moderating extreme seasonal price swings
c. Forces all farmers to sell their entire harvest on the exact same day
d. Increases moisture content of palay to add sellable grain weight

10. A durian exporter sorts harvested fruits into uniform weight brackets, ripeness stages, and blemish-free export classes before shipping to overseas buyers. How does this grading and standardization function facilitate long-distance trade?

a. It forces foreign importers to travel physically to Davao to inspect every individual fruit
b. It eliminates the need for refrigerated shipping containers
c. It enables buying and selling by grade description or sample without physical inspection of every lot, lowering transaction costs
d. It guarantees that all trees in the orchard yield identical fruit sizes naturally

11. A Benguet vegetable cooperative switches from cramming fresh tomatoes into oversized 50-kilogram woven bamboo baskets to packing them in rigid, stackable 15-kilogram ventilated plastic crates. What primary physical marketing advantage does this packaging upgrade provide?

a. Prevents compression bruising, reduces mechanical spoilage during transit, and improves airflow and handling speed
b. Increases net transport weight so trucks carry fewer crates at higher cost
c. Accelerates ethylene ripening so tomatoes soften before reaching the market
d. Eliminates the need for harvesting tomatoes at proper maturity

12. Beyond protecting processed virgin coconut oil from leakage and light oxidation, what critical market function does clear, accurate product labeling serve for modern retail buyers?

a. Replaces the need for sanitary food processing permits
b. Allows sellers to hide expiration dates and net contents from shoppers
c. Automatically lowers international ocean freight rates by half
d. Communicates brand identity, net weight, nutritional facts, ingredients, origin, and shelf-life traceability to build consumer trust and meet regulatory standards

13. Smallholder onion growers in Nueva Ecija subscribe to a daily mobile messaging alert reporting wholesale prices across Divisoria, Balintawak, and regional trading posts along with national cold-storage stock levels. How does this market intelligence directly empower farmers?

a. It guarantees that wholesale traders will never charge transport fees

b. It reduces information asymmetry so farmers can time harvests, choose higher-paying outlets, and negotiate fairer farmgate prices

c. It replaces physical irrigation during dry-season bulb development

d. It legally fixes a single national onion price across all provinces

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14. Why does transporting fresh dressed poultry across long provincial highways require insulated refrigerated trucks rather than open-bed cargo trucks used for dried yellow corn?

a. Dried yellow corn spoils faster at ambient heat than raw poultry meat

b. Open-bed trucks cannot legally carry weights exceeding one ton

c. High perishability and rapid microbial growth in dressed meat demand continuous temperature control to preserve food safety and marketable quality

d. Refrigerated trucks consume less fuel per kilometer than open trucks

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15. Before a warehouse operator accepts sacks of palay for six-month storage, the grain must be dried to 14 percent moisture content and cleaned of chaff and stones. Why is pre-storage conditioning essential for effective storage performance?

a. High moisture and impurities trigger fungal heating, aflatoxin contamination, insect infestation, and severe quantitative and qualitative storage losses

b. Drying grain to 14 percent moisture doubles its total sack weight

c. Wet palay turns directly into milled white rice inside sealed warehouses

d. Removing stones and chaff eliminates the need for warehouse ventilation

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16. In a large urban wholesale market, traders consistently pay a 20 percent higher price per kilogram for uniformly graded red onions than for unsorted mixed-size sacks containing sprouted bulbs. What economic principle of grading explains this price difference?

a. Buyers enjoy paying extra fees for plastic twine used on graded sacks

b. Unsorted sacks always contain higher total bulb weight than graded sacks

c. Graded onions have longer biological growing cycles in the field

d. Grading eliminates buyer risk and sorting labor while allowing each quality tier to be directed to its highest-paying consumer segment

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17. A mango growers' association collects weekly reports on competing harvest volumes from neighboring provinces, consumer holiday demand forecasts, and export air-freight schedules before deciding whether to sell fresh green mangoes or process them into dried mango strips. Which facilitating function is guiding this strategic choice?

a. Physical risk bearing

b. Market intelligence

c. Bulk transportation

d. Retail merchandising

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18. When wholesale garlic prices in Manila exceed prices in Ilocos Norte by 35 pesos per kilogram while transport and handling costs between the two locations are only 12 pesos per kilogram, how does accurate market intelligence improve spatial marketing efficiency?

a. It warns Ilocos farmers to destroy surplus garlic to keep Manila prices high

b. It encourages Manila buyers to stop eating garlic permanently

c. It signals traders to ship garlic from low-price Ilocos to high-price Manila until the inter-regional price gap narrows toward the actual 12-peso transfer cost

d. It forces both regions to adopt identical farmgate prices regardless of distance

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19. A coffee cooperative invests in moisture-barrier foil pouches with one-way degassing valves, standardized roast grading, and geographical origin labels indicating Cordillera highland Arabica. How do these combined marketing functions contribute to value addition?

a. They preserve peak aroma, differentiate the product from generic bulk beans, command premium retail prices, and open high-value specialty markets

b. They reduce the physical weight of coffee beans to zero

c. They eliminate all retail distribution margins along the supply chain

d. They prevent consumers from comparing prices across coffee brands

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20. An onion cooperative stores 30 percent of its peak-season harvest in a modern cold storage facility for four months until lean-season prices rise by 25 pesos per kilogram, while total storage and financing costs amount to 11 pesos per kilogram. How does this storage operation contribute to marketing system efficiency?

a. It creates artificial monopoly losses by destroying stored onions

b. It reduces overall market supply during the lean season

c. It raises post-harvest spoilage above ambient storage levels

d. It captures positive inter-temporal value addition while preventing harvest-time gluts and easing lean-season shortages for consumers

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21. How does adopting national uniform grading standards for milled rice simultaneously improve both pricing efficiency and operational efficiency in the marketing system?

a. It eliminates all competition among rice millers

b. It transmits clear quality-based price premiums back to farmers and reduces time, inspection disputes, and re-handling costs across trading stages

c. It guarantees that broken rice sells at the exact same price as premium whole-grain rice

d. It replaces the need for weighing scales at wholesale grain markets

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22. A supermarket chain shifts from receiving loose bulk leafy greens in woven sacks to receiving pre-washed, graded, barcoded clamshell packs directly from a farmer cooperative. Although packaging cost rises by 6 pesos per kilogram, shelf shrinkage drops by 18 pesos per kilogram and checkout speed doubles. How did this change affect overall marketing efficiency?

a. Marketing efficiency declined because packaging expenditure increased

b. Marketing efficiency remained unchanged because retail price stayed constant

c. Marketing efficiency improved because the reduction in physical waste and handling costs outweighed the added packaging expense while enhancing consumer convenience

d. Marketing efficiency fell because loose sacks are always superior to rigid packaging

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23. A highland farmer sells fresh cabbage at a farmgate price of 30 pesos per kilogram, and the same cabbage retails in an urban market for 75 pesos per kilogram. What are the gross marketing margin per kilogram and the farmer's share of the consumer peso?

a. Gross marketing margin is 45 pesos per kilogram and the farmer's share is 40.0 percent

b. Gross marketing margin is 30 pesos per kilogram and the farmer's share is 60.0 percent

c. Gross marketing margin is 45 pesos per kilogram and the farmer's share is 60.0 percent

d. Gross marketing margin is 105 pesos per kilogram and the farmer's share is 40.0 percent

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24. A fruit retailer sets retail prices using a fixed percentage markup of 25 percent above her wholesale buying cost. When the wholesale price of mangoes rises from 80 pesos to 120 pesos per kilogram, how does her peso marketing margin change compared to a rival using a constant 20-peso absolute margin?

a. Her peso margin stays fixed at 20 pesos while the rival's peso margin rises to 30 pesos

b. Both retailers maintain an identical 20-peso margin regardless of wholesale price

c. Her peso margin falls to 15 pesos because wholesale price increased

d. Her peso margin increases from 20 pesos to 30 pesos per kilogram, whereas the rival's peso margin remains constant at 20 pesos

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25. A vegetable wholesaler buys carrots at 40 pesos per kilogram, incurs 12 pesos per kilogram in trucking, ice, stall rent, and labor expenses, and sells them to retailers at 58 pesos per kilogram. How are the 18-peso spread and the remaining 6 pesos classified?

a. 18 pesos is net profit and 6 pesos is gross marketing margin

b. 18 pesos is the gross marketing margin, consisting of 12 pesos in marketing costs and 6 pesos in net marketing profit

c. 12 pesos is the gross marketing margin and 18 pesos is the farmer's share

d. 58 pesos is the net marketing margin and 40 pesos is the marketing cost

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26. Fresh shell eggs carry a marketing margin of only 20 percent of the retail price, whereas frozen breaded chicken nuggets carry a marketing margin of 75 percent of the retail price. Why would an agricultural economist caution against automatically labeling chicken nugget marketing as inefficient compared to fresh egg marketing?

a. Because eggs require far more industrial processing and freezing than breaded nuggets

b. Because retail margins are always unrelated to value-added services

c. Because higher marketing margins often reflect extensive processing, deboning, breading, freezing, packaging, and convenience services demanded by consumers rather than excessive intermediary profits

d. Because chicken nuggets have zero production cost at the farm level

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27. A trader purchases 100 kilograms of fresh tomatoes at 40 pesos per kilogram and pays 500 pesos in total trucking and handling fees. Due to rough roads and poor crates, 10 kilograms spoil and must be discarded before sale. What is the trader's break-even selling price per kilogram on the remaining 90 saleable kilograms?

a. 50.00 pesos per kilogram

b. 45.00 pesos per kilogram

c. 40.00 pesos per kilogram

d. 55.00 pesos per kilogram

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28. When a regional vegetable supply chain upgrades from rough unpaved feeder roads to paved farm-to-market roads and refrigerated trucks, unit transport and spoilage costs drop by 35 percent while delivery quality improves. Which dimension of marketing efficiency has directly improved?

a. Speculative price distortion

b. Monopolistic margin expansion

c. Purely institutional complexity

d. Operational efficiency

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29. Why does a marketing system dominated by fixed absolute peso margins per kilogram cause farmgate prices to fluctuate by a much larger percentage than retail prices when market supply shifts?

a. Because retail prices are legally prevented from ever changing

b. Because when marketing margins remain fixed in pesos, any peso drop in retail price is passed back fully to the smaller farmgate price base, magnifying percentage farmgate volatility

c. Because fixed margins guarantee that farmgate prices always double during harvests

d. Because farmers absorb zero cost changes when margins are constant

30. If urban consumers increasingly prefer lean pork cuts over fatty pork belly and pay a high retail premium for lean meat, yet rural hog assemblers still pay farmers one flat price per kilogram regardless of carcass backfat thickness, which dimension of marketing efficiency is failing?

a. Operational transport efficiency

b. Physical storage efficiency

c. Pricing efficiency, because consumer quality signals are not accurately transmitted back to producers

d. Packaging durability efficiency

31. A gourmet food enterprise launches certified organic Cordillera heirloom black rice packaged in artisan gift pouches sold exclusively in specialty boutiques to health-conscious buyers who willingly seek out the specific brand. How is this product classified among consumer goods?

a. Specialty good

b. Homogeneous convenience staple

c. Unsought industrial raw material

d. Perishable bulk commodity

32. A commercial banana chip brand has enjoyed strong growth for five years, but sales growth now levels off as dozens of rival brands flood supermarket shelves and price competition intensifies. Which stage of the product life cycle has the brand entered, and what product strategy helps sustain profitability?

a. Introduction stage, requiring complete withdrawal from all retail stores

b. Decline stage, requiring immediate abandonment of quality controls

c. Pre-commercial research stage, requiring zero distribution

d. Maturity stage, requiring product differentiation, new flavor variants, packaging upgrades, or entry into new market segments

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33. To win long-term supply contracts with high-end hotels and export buyers, a pineapple cooperative adopts certified Good Agricultural Practices covering safe pesticide intervals, clean wash water, and batch traceability records. What strategic role does this quality program play in the marketing mix?

a. It increases chemical residue levels to prolong shelf color

b. It differentiates the product through verified food safety and consistent quality, reducing rejection risk and unlocking premium institutional markets

c. It eliminates the need to promote or distribute the fruit

d. It forces the cooperative to sell exclusively to open wet markets

34. A local dairy cooperative produces fresh white cheese that spoils within three days. To extend shelf life and expand product appeal, it develops vacuum-sealed smoked cheese and herb-infused cheese spreads alongside its regular line. Which product strategy is the cooperative executing?

a. Product simplification and discontinuation

b. Unbranded bulk liquidation

c. Product line extension and value-added product differentiation

d. Pure cost-cutting quality reduction

35. Historical price records for Philippine mangoes consistently show lowest farmgate prices every April and May during peak dry-season fruiting and highest prices every November and December when off-season supply is scarce. Which category of agricultural price movement over time does this recurring annual pattern represent?

a. Seasonal price variation

b. Multi-year cyclical price movement

c. Irregular random price shock

d. Secular long-term trend

36. A specialty coffee cooperative manufactures 250-gram roasted bean packs at a total unit cost of 160 pesos per pack and applies a standard 25 percent markup on cost. What selling price per pack does this cost-plus pricing strategy establish?

a. 185 pesos

b. 215 pesos

c. 190 pesos

d. 200 pesos

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37. Because biological breeding and farrowing lags prevent swine farmers from expanding hog output instantly, high pork prices in Year 1 trigger excessive sow breeding that causes a supply glut and price crash in Year 2, followed by herd liquidation and renewed shortages in Year 4. Which price behavior pattern is occurring?

- **a.** Daily intraday fluctuation
- **b.** Cyclical price variation driven by delayed biological supply response
- **c.** Irregular typhoon disruption
- **d.** Permanent downward secular trend

38. When an agribusiness launches an innovative cold-pressed calamansi concentrate into a crowded bottled beverage market, it intentionally sets a very low introductory retail price to encourage rapid consumer trial and capture large market share quickly before competitors react. Which pricing strategy is being used?

- **a.** Price skimming
- **b.** Prestige pricing
- **c.** Market penetration pricing
- **d.** Captive-product pricing

39. A boutique organic farm introduces a rare, patent-protected probiotic goat milk yogurt with no close local substitutes and initially charges a high premium price to recover development costs from affluent early adopters before gradually lowering the price later. Which pricing strategy is this?

- **a.** Price skimming
- **b.** Penetration pricing
- **c.** Loss-leader pricing
- **d.** Predatory dumping

40. A supermarket prices fresh tray-packed eggs at 199 pesos instead of 200 pesos and advertises a weekend price cut on whole dressed chicken right at wholesale cost to draw shoppers into the store where they also buy higher-margin groceries. Which two retail pricing tactics are being combined?

- **a.** Price skimming and cost-plus pricing
- **b.** Penetration pricing and transfer pricing
- **c.** Geographic zone pricing and auction bidding
- **d.** Psychological odd pricing and loss-leader pricing

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41. In a provincial livestock trading post, one intermediary buys live goats using his own capital, takes legal ownership, and resells them at his own profit or loss, whereas another intermediary simply connects hog raisers with slaughterhouse buyers for a 2 percent fee without ever owning the animals. How are these two market intermediaries classified?

a. The first is a broker and the second is a retailer

b. The first is a merchant middleman who takes title to the goods, whereas the second is an agent middleman or broker who facilitates exchange on commission without taking title

c. Both are merchant wholesalers because both operate in a livestock market

d. Both are speculative middlemen who store meat for six months

42. Why does a smallholder dairy farmer selling unpasteurized fresh milk rely on a very short distribution channel such as direct local delivery or a nearby cooperative collection center, whereas a corn farmer selling dried shelled corn can use a longer multi-intermediary channel?

a. Dried shelled corn spoils within four hours of harvest

b. Fresh milk is legally banned from direct local sales

c. Extreme product perishability requires rapid delivery and minimal handling stages to prevent spoilage, whereas durable dried grain tolerates longer multi-stage channels

d. Corn farmers always live closer to city supermarkets than dairy farmers

43. A small upland vegetable farmer harvesting only 80 kilograms of pole sitao per week wants to sell to Metro Manila supermarkets, yet finds it financially impossible to hire a dedicated delivery truck or maintain a city sales office. Which channel factor compels him to sell through a local assembler-wholesaler or marketing cooperative?

a. Small individual production scale and limited financial capacity requiring volume consolidation for economical transport

b. Excessive durability of fresh green beans during month-long shipping

c. Absence of any consumer demand for vegetables in urban areas

d. Supermarkets' preference for buying 5-kilogram lots from hundreds of unorganized growers

44. A commercial poultry integrator sells branded frozen chicken directly through its own company-owned retail outlets, eliminating independent wholesalers and third-party meat dealers. What level of distribution channel is the integrator operating?

a. Three-level indirect channel

b. Two-level wholesaler-retailer channel

c. Broker-assisted institutional channel

d. Zero-level direct marketing channel from producer to final consumer

45. A grain trader buys surplus dry palay at harvest in November, holds it in a rented warehouse anticipating higher lean-season prices in July, and assumes full financial risk if imported rice unexpectedly depresses future prices. Which type of intermediary role is this trader performing?

a. Commission agent

b. Speculative middleman performing risk-bearing and storage functions

c. Public market regulator

d. Retail franchise cashier

46. To stimulate immediate weekend purchases of a newly introduced canned sardines-in-tomato-sauce brand at a city grocery, the food manufacturer sets up a free taste-testing booth and offers a buy-two-take-one discount bundle for three days. Which element of the promotion mix is being deployed?

a. Mass television advertising

b. Public relations crisis management

c. Sales promotion

d. Institutional lobbying

47. A commercial organic salad farm sends its marketing manager to meet face-to-face with executive chefs of five-star hotels, bringing fresh sample crates to negotiate customized weekly delivery specifications and contract terms. Which element of the promotion mix is most effective in this business-to-business setting?

a. Personal selling

b. Mass radio jingles

c. Highway billboard advertising

d. Generic industry slogans

48. Why is generic industry-wide advertising funded collectively by a national dairy or egg producers' association far more rational for raw fresh eggs than expensive nationwide television advertising by a single small backyard egg farmer?

a. Television stations refuse to air commercials featuring farm products

b. Consumers never respond to nutrition messages about eggs or milk

c. Individual small farmers always earn higher profits from billboards than supermarkets

d. Unbranded fresh eggs are largely homogeneous commodities, so an individual small farmer's ad would spill benefits to competitors without recovering the high ad cost, whereas generic promotion expands total category demand collectively

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49. A regional cacao farmers' federation invites food journalists and culinary bloggers to a free harvest festival and chocolate-making showcase, resulting in glowing television news features and newspaper articles about local single-origin tablea without paying for media airtime. Which element of the promotion mix generated this earned credibility?

a. Paid mass advertising

b. Public relations and publicity

c. Trade price discounting

d. Cold-call telemarketing

50. A branded mango nectar manufacturer runs vibrant social media and television commercials targeting young urban shoppers so they actively ask grocery stores to stock the drink, compelling supermarkets to place orders with distributors. Which promotional channel strategy is the company executing?

a. Push strategy relying exclusively on wholesale dealer rebates

b. Cost-plus clearance strategy

c. Pull strategy stimulating end-consumer demand to draw the product through the distribution channel

d. Pure zero-promotion commodity selling

Part II. Detailed Answer Key & Rationales

Review the verified answers and concise economic explanations below for all 50 items covering approaches to agricultural marketing, marketing functions, value addition, marketing margins, efficiency dimensions, product strategies, price behavior, distribution channels, and promotion mix.

Item	Ans	Correct Option & Detailed Rationale
1	b	**Commodity approach** The commodity approach tracks a single agricultural product from farm production through every handling, processing, and distribution stage to identify product-specific problems and opportunities.
2	c	**Institutional approach** The institutional approach focuses on the "who" of marketing—the various middlemen, agencies, processors, and business organizations that perform marketing activities and hold market power.
3	a	**Structure-conduct-performance approach** The S-C-P framework analyzes how market structure (such as buyer or seller concentration) shapes firm conduct (pricing and contracting behavior) and determines market performance (margins and efficiency).

Item	Ans	Correct Option & Detailed Rationale
4	d	**Functional approach** The functional approach classifies marketing into specialized economic activities (exchange, physical, and facilitating functions) to evaluate the cost and efficiency of performing each task.
5	b	**They do not move or transform the physical product directly, but they enable exchange and physical functions to operate smoothly and efficiently** Facilitating functions (grading, financing, risk bearing, and market intelligence) grease the wheels of the marketing system rather than physically handling or transferring title to goods.
6	c	**Agricultural products are highly perishable, bulky relative to value, seasonally harvested, non-uniform in quality, and produced by numerous small scattered farms** Biological seasonality, rapid spoilage, high bulk-to-value ratios, natural quality variation, and dispersed smallholder production raise assembly, transport, and storage costs per peso of value.
7	a	**Exchange functions** Buying (assembling) and selling (merchandising) are the core exchange functions through which legal title and ownership transfer from producers to intermediaries and final consumers.
8	d	**Transportation** Transportation moves commodities from surplus production areas to deficit consumption centers, creating place utility and increasing economic value.
9	b	**Balances seasonal supply peaks with continuous year-round demand, creating time utility and moderating extreme seasonal price swings** Storage holds seasonal harvests for gradual release across the year, creating time utility and stabilizing prices between harvest gluts and lean months.
10	c	**It enables buying and selling by grade description or sample without physical inspection of every lot, lowering transaction costs** Standardized grades establish a common quality language so distant buyers can trade confidently by specification or sample without costly on-site inspection.
11	a	**Prevents compression bruising, reduces mechanical spoilage during transit, and improves airflow and handling speed** Rigid ventilated crates protect delicate produce from crushing weight, dissipate respiratory heat, and allow efficient stacking during transport.
12	d	**Communicates brand identity, net weight, nutritional facts, ingredients, origin, and shelf-life traceability to build consumer trust and meet regulatory standards** Modern food labeling provides essential product information, supports legal compliance and traceability, and differentiates branded goods on retail shelves.
13	b	**It reduces information asymmetry so farmers can time harvests, choose higher-paying outlets, and negotiate fairer farmgate prices** Timely price and stock data eliminate buyer information monopolies, strengthening farmers' bargaining power and market-timing decisions.

Item	Ans	Correct Option & Detailed Rationale
14	c	**High perishability and rapid microbial growth in dressed meat demand continuous temperature control to preserve food safety and marketable quality** Unlike low-moisture durable grains, fresh meat requires an unbroken cold chain to slow bacterial spoilage and prevent foodborne hazards.
15	a	**High moisture and impurities trigger fungal heating, aflatoxin contamination, insect infestation, and severe quantitative and qualitative storage losses** Drying to safe moisture levels (around 14 percent for palay) and cleaning foreign matter prevent mold growth, mycotoxins, and insect damage during extended warehousing.
16	d	**Grading eliminates buyer risk and sorting labor while allowing each quality tier to be directed to its highest-paying consumer segment** Buyers pay premiums for uniform lots because they avoid waste and re-sorting costs while matching specific grades to willing market segments.
17	b	**Market intelligence** Collecting, analyzing, and interpreting supply, demand, and logistics data to guide production and marketing decisions defines market intelligence.
18	c	**It signals traders to ship garlic from low-price Ilocos to high-price Manila until the inter-regional price gap narrows toward the actual 12-peso transfer cost** Under spatial market efficiency, transparent price signals trigger spatial arbitrage until regional price differences no longer exceed transfer costs.
19	a	**They preserve peak aroma, differentiate the product from generic bulk beans, command premium retail prices, and open high-value specialty markets** Combining protective packaging, roast grading, and geographical origin branding transforms a raw commodity into a high-margin specialty product.
20	d	**It captures positive inter-temporal value addition while preventing harvest-time gluts and easing lean-season shortages for consumers** Because the 25-peso seasonal price gain exceeds the 11-peso storage and financing cost, storage generates net economic value and stabilizes supply across time.
21	b	**It transmits clear quality-based price premiums back to farmers and reduces time, inspection disputes, and re-handling costs across trading stages** Uniform standards improve pricing efficiency through accurate quality price signals and enhance operational efficiency by streamlining handling and trade.
22	c	**Marketing efficiency improved because the reduction in physical waste and handling costs outweighed the added packaging expense while enhancing consumer convenience** Net system cost fell by 12 pesos per kilogram (18 pesos saved minus 6 pesos spent) while retail service output increased, raising overall marketing efficiency.

Item	Ans	Correct Option & Detailed Rationale
23	a	**Gross marketing margin is 45 pesos per kilogram and the farmer's share is 40.0 percent** Gross marketing margin = Retail price (75) − Farmgate price (30) = 45 pesos/kg. Farmer's share = (30 ÷ 75) × 100% = 40.0%.
24	d	**Her peso margin increases from 20 pesos to 30 pesos per kilogram, whereas the rival's peso margin remains constant at 20 pesos** A 25% markup yields 20 pesos at an 80-peso wholesale cost (0.25 × 80) and rises to 30 pesos at a 120-peso wholesale cost (0.25 × 120), while a constant absolute margin stays fixed at 20 pesos.
25	b	**18 pesos is the gross marketing margin, consisting of 12 pesos in marketing costs and 6 pesos in net marketing profit** Selling price (58) − Buying price (40) = 18 pesos gross margin. Subtracting 12 pesos in operating costs leaves 6 pesos net marketing profit.
26	c	**Because higher marketing margins often reflect extensive processing, deboning, breading, freezing, packaging, and convenience services demanded by consumers rather than excessive intermediary profits** Comparing raw commodities with heavily processed foods ignores the substantial form, time, and convenience utilities embedded in processed products.
27	a	**50.00 pesos per kilogram** Total outlay = (100 kg × 40 pesos) + 500 pesos = 4,500 pesos. Dividing total cost by the 90 saleable kilograms gives 4,500 ÷ 90 = 50.00 pesos/kg.
28	d	**Operational efficiency** Operational (technical) efficiency improves when physical marketing functions like transport and handling are performed at lower unit cost without sacrificing output quality.
29	b	**Because when marketing margins remain fixed in pesos, any peso drop in retail price is passed back fully to the smaller farmgate price base, magnifying percentage farmgate volatility** Because farmgate price is a fraction of retail price, an identical peso change represents a much larger percentage swing at the farm level under sticky peso margins.
30	c	**Pricing efficiency, because consumer quality signals are not accurately transmitted back to producers** Pricing efficiency requires prices to reflect consumer preferences accurately across grades and qualities so producers receive incentives to supply desired attributes.
31	a	**Specialty good** Specialty goods possess unique attributes or brand prestige for which target buyers are willing to make a special purchasing effort without accepting substitutes.

Item	Ans	Correct Option & Detailed Rationale
32	d	**Maturity stage, requiring product differentiation, new flavor variants, packaging upgrades, or entry into new market segments** Slowing sales growth and crowded competition characterize the maturity stage, where modification of the product, market, or marketing mix sustains profitability.
33	b	**It differentiates the product through verified food safety and consistent quality, reducing rejection risk and unlocking premium institutional markets** Quality certification acts as a credible product-mix attribute that satisfies strict institutional buyer specifications and builds competitive advantage.
34	c	**Product line extension and value-added product differentiation** Processing perishable milk/cheese into smoked and flavored varieties extends shelf life, broadens the product line, and captures higher value-added margins.
35	a	**Seasonal price variation** Regular, predictable price fluctuations occurring within a 12-month calendar cycle due to biological harvest seasons define seasonal price variation.
36	d	**200 pesos** Selling price = Unit cost × (1 + Markup rate) = 160 pesos × (1 + 0.25) = 160 + 40 = 200 pesos per pack.
37	b	**Cyclical price variation driven by delayed biological supply response** Multi-year recurring price waves (such as the hog or cattle cycle) arise from biological gestation and growth lags between price signals and realized market supply.
38	c	**Market penetration pricing** Market penetration pricing sets a low initial price to attract a large volume of buyers rapidly and secure strong market share in a competitive category.
39	a	**Price skimming** Price skimming launches an innovative, differentiated product at a high initial price to capture maximum surplus from price-insensitive adopters before lowering prices over time.
40	d	**Psychological odd pricing and loss-leader pricing** Pricing at 199 pesos uses psychological odd-ending appeal, while selling chicken at wholesale cost to boost store traffic for profitable items is loss-leader pricing.
41	b	**The first is a merchant middleman who takes title to the goods, whereas the second is an agent middleman or broker who facilitates exchange on commission without taking title** Merchant middlemen buy and sell on their own account and assume ownership risk, whereas agent middlemen (brokers and commission agents) negotiate transactions for a fee without taking title.

Item	Ans	Correct Option & Detailed Rationale
42	c	**Extreme product perishability requires rapid delivery and minimal handling stages to prevent spoilage, whereas durable dried grain tolerates longer multi-stage channels** Product characteristics—especially perishability and bulkiness—govern channel length; highly perishable raw milk demands direct or very short channels.
43	a	**Small individual production scale and limited financial capacity requiring volume consolidation for economical transport** Smallholder growers lack the volume and capital to achieve transport economies of scale individually, relying on assemblers or cooperatives to bulk harvests.
44	d	**Zero-level direct marketing channel from producer to final consumer** A zero-level (direct) channel involves no independent intermediaries between the producer and the final consumer, including manufacturer-owned retail stores.
45	b	**Speculative middleman performing risk-bearing and storage functions** Speculative middlemen take title to commodities with the primary objective of profiting from inter-temporal price movements while bearing price and storage risks.
46	c	**Sales promotion** In-store sampling, coupons, and short-term bonus bundles are classic sales promotion tools designed to trigger immediate consumer trial and purchase.
47	a	**Personal selling** Direct interpersonal presentation and negotiation work best for high-value institutional and B2B buyers requiring tailored supply schedules and quality specifications.
48	d	**Unbranded fresh eggs are largely homogeneous commodities, so an individual small farmer's ad would spill benefits to competitors without recovering the high ad cost, whereas generic promotion expands total category demand collectively** Because buyers cannot distinguish one farmer's unbranded eggs from another's, collective commodity checkoff programs pool funds to grow overall category demand.
49	b	**Public relations and publicity** Hosting media events that earn unpaid editorial news coverage builds high-credibility publicity and favorable public relations for the producer group.
50	c	**Pull strategy stimulating end-consumer demand to draw the product through the distribution channel** A pull strategy directs heavy consumer advertising and promotion toward end users so their retail requests compel supermarkets and wholesalers to stock the brand.