

BINDURA UNIVERSITY OF SCIENCE EDUCATION

FACULTY OF COMMERCE

DEPARTMENT OF MARKETING

**PROGRAMME: BACHELOR OF BUSINESS STUDIES HONOURS
DEGREE IN MARKETING**

COMMODITIES MARKETING

BS437

TIME: 3 HOURS 15 MINUTES

 **MAR 2023**

INSTRUCTIONS TO CANDIDATES

1. Answer **QUESTION ONE (COMPULSORY)** and any other **THREE** questions.
2. Question one carries 40 marks and any other three questions carry 20 marks each.
3. Start each question on a new page.
4. NO cell phones are allowed in the examination room.

QUESTION ONE (COMPULSORY)

Read the case study and answer the following questions.

The case for commodity branding

Agricultural commodities matter to development. Commodity products such as sugar, coffee or beef contribute to over half of total employment and more than a quarter of GDP in developing countries, where over 1 billion farmers derive at least part of their income from them. As most of these farmers are smallholders, raising the value of commodities can do much to reduce poverty.

Unfortunately, the trend has been the opposite. Modern food chains place increasing importance on branding, distribution and services, rather than on farmers' traditional role in supplying produce to wholesale markets. As a result, primary producers of agricultural commodities have been capturing less and less of the total value of their products. At the same time, power has become concentrated in the hands of a small number of buyers — the major supermarket chains and manufacturers who dominate the global food market.

By branding commodities, producer countries and organizations can reverse this growing imbalance. Branding creates consumer demand, giving producers leverage in negotiations with large buyers. Two case studies from the developing world show the potential rewards: branding of Barbados sugar will capture over US\$1 million in added value for producers in 2012 alone, while a Namibian beef brand is delivering price premiums to farmers worth US\$25 million per annum.

The strategy of branding agricultural commodities is neither new nor the preserve of mature states; successful cases show it is within the reach of countries and producer groups with limited resources.

Commodities are physically simple and easily transported, and with the recent expansion of outsourcing in sophisticated retail and industrial markets, complicated operations and in-country marketing experts are not required to add value to products. Yet many institutions and farmer advocates assume that branding is too complex, expensive and risky to serve as a development strategy.

This paper examines the potential for branding agricultural commodities in developing countries. We look at how producers in these countries can exploit the same commercial marketing principles and supply chain innovations commonly used in the mature markets of the developed world.

Branding is not just glossy advertising. A brand comprises all that distinguishes one product or service from similar competitors — from advertising and packaging to provenance and ethics. For basic commodity products, it may seem unlikely that consumers will recognize such distinctions, but the task is little different from branding many other consumer products. There is no more physical variation between brands of mineral water, for example, than types of sugar or beef.

To distinguish one commodity product from another, branding efforts must combine marketing expertise, an efficient supply chain, financial resources and effective organization. Brands should be seen as an integral part of making supply chains sustainable and profitable. This means abandoning a classic mindset about commodities: upon successful branding, commodities' core value lies not in the physical products but in the brand — intellectual property owned in the country of origin.

- a) Describe the advantages of branding commodities to producer countries. (20)
- b) Summarise how branding of commodities works. (20)

[40MARKS]

QUESTION TWO

Discuss why market information of commodities is very important. **[20MARKS]**

QUESTION THREE

Using relevant examples, assess the minerals market infrastructure in Zimbabwe. **[20MARKS]**

QUESTION FOUR

Discuss the major trends affecting milk products and milk marketing in Zimbabwe. **[20 MARKS]**

QUESTION FIVE

Using relevant examples, discuss the challenges of marketing Zimbabwe cash crops. **[20 MARKS]**

QUESTION SIX

With the aid of examples, discuss why benchmarking in the marketing of minerals is necessary. **[20 MARKS]**

END OF PAPER