

UNIVERSITY OF CAMBRIDGE INTERNATIONAL EXAMINATIONS

Cambridge International Diploma Standard Level

MARK SCHEME for the May 2005 question paper

CAMBRIDGE INTERNATIONAL DIPLOMA IN BUSINESS

5164/01

Marketing (Standard), maximum mark 100

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MAY 2005

CAMBRIDGE INTERNATIONAL DIPLOMA

Standard Level

MARK SCHEME

MAXIMUM MARK: 100

SYLLABUS/COMPONENT: 5164

BUSINESS

MARKETING



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Across the whole paper, Examiners should accept any examples given which are suitably justified.

Generally: [marks shown relate to a task of 10 marks]

Level 1 answers will leave the Examiner to 'fill the gaps'. The answer will show little evidence of understanding of theory, simply listing terms and failing to explain them in a marketing context.
[1 – 3 marks]

Level 2 answers will be adequate answers that attempt to bring together theory and practice. Evidence of understanding is limited and the use of the context restricted.
[4 – 5 marks]

Level 3 answers will combine theory and practice in an effective manner. It is not a Level 4 answer because it fails to apply the theory as effectively and/or is not as realistic/relevant as it might be.
[6 – 8 marks]

Level 4 answers will be rare, and will be exceptional, bringing together theory and practice in a professional manner. The answer will demonstrate an understanding of theory used effectively in the context of marketing and the circumstances described.
[9 – 10 marks]

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- 1 Your Managing Director has asked you to help to put together a presentation for Sounds.com's staff. Produce five slides, with brief presenter's notes, on the importance of adopting a marketing culture. [5 x 4]

Answers to this question will vary – however, the key points are as follows:

- A marketing culture involves putting the customer at the centre of all activities across the organisation
- A marketing culture involves identifying, anticipating, and satisfying customer needs, and at the same time meeting organisational goals
- A marketing culture involves the organisation responding to changes in the market place
- A marketing culture can help to grow market share
- A marketing culture makes it easier to enter new markets

These, or similar points should be put into slide format for the presentation, and each should be accompanied by an expansion/explanation of the point being made.

[4 marks for each slide – 1 for the point identified, 2 for expansion and 1 point for link to the Case Study = 4 x 5 = 20]

[Total: 20]

- 2 (a) Explain how Sounds.com can use one primary research method to investigate an acceptable price to charge customers for downloaded music. [12]

Candidates can choose one of the following methods:

- Interviews
- Focus groups
- Postal survey
- Telephone questionnaire
- On line questionnaire

Identification of appropriate method (must be primary research) – 1 mark

Explanation of how method is used – 8 marks

Recognition of fact that suitable sample of audience should be selected – 3 marks

(Important that these are Internet users and music lovers of the type of music Sounds.com plan to launch)

- (b) Identify two ways in which Sounds.com might use secondary data collected through their website. [2 x 4]

Answers to this question will vary – however, the examples given should specifically relate to the context of the question – i.e. they should be **gathered from the website** e.g. from registration on the site. Examples include:

- E-mail addresses can be used to contact users with special offers (with their permission)
- Demographic data can be analysed to identify other prospects for the site
- Users might be asked which offline publications they read, to assist with targeting offline promotion in the future
- Users might be asked how they came to find the site, giving information about which form of promotion is working most effectively, etc.

[Candidates should be awarded up to 4 marks for each suitable example identified and expanded upon in terms of how Sounds.com might use it. 2 x 4 = 8 marks]

[Total: 20]

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3 (a) Explain the term ‘segmentation’, and give two reasons why it is important to marketers. [5]

Segmentation is the division of the market into groups of customers with similar needs – 1 mark.

Reasons include:

- Ability to design an effective marketing mix and market cost effectively
- Helps identify new markets
- Enables niche marketing/specialisation
- Helps gain competitive advantage in a specific target segments

[2 marks to be awarded for any 2 suitable reasons. 2 x 2 = 4 marks]

(b) Explain the following segmentation bases, and identify how they might be used by Sounds.com.

(i) Geographic [5]

Geographic segmentation – continent, country, region, city or town.

The whole point about Internet marketing is that it breaks down geographic boundaries and enables organisations to deal in global markets. Geographic segmentation is unlikely to be used by Sounds.com, whose product is downloaded. Some candidates may raise ‘language’ under this heading – in this case it should be accepted.

[2 marks for explanation – 3 marks for how it might be used by Sounds.com]

(ii) Demographic [5]

Demographic segmentation – age, gender, ethnicity, socio-economic class, lifecycle stage.

Sounds.com may use demographic segmentation – for example, they may identify males, age 20 – 35, socio-economic group B, C1 as their prime target, and design a marketing mix accordingly.

[2 marks for explanation – 3 marks for how it might be used by Sounds.com]

(iii) Psychographic [5]

Psychographic segmentation – attitudes, interests, motivation, lifestyle.

Sounds.com may use psychographic segmentation – for example, they may target individuals who are Internet users and have an interest in music as their target segment.

[2 marks for explanation – 3 marks for how it might be used by Sounds.com]

[Total: 20]

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4 Your Managing Director would like to put together a marketing plan but is unclear about some aspects of the process.

- (a) Explain the term PEST analysis, and give four reasons why it is an important part of the marketing planning process for Sounds.com. [5]**

PEST analysis is an analysis of the external environment – Political, Economic, Societal, Technological.

Political – Internet trading and copyright laws

Economic – taxes and tariffs, state of the economy in various countries – levels of employment etc.

Societal – trends in Internet usage

Technological – level of development in certain countries may limit Internet access

[1 mark for explanation – 4 marks for examples relevant to Sounds.com]

- (b) Explain the process of conducting a SWOT analysis. [6]**

The SWOT analysis is a summary of the internal analysis of organisational strengths and weaknesses, and opportunities and threats posed by the external environment (identified in the PEST analysis). The process then involves:

- Carrying out a marketing audit – a thorough internal and external analysis
- Identifying key strengths and weaknesses that relate to the organisation
- Identifying important opportunities and threats that exist in the external environment

[1 mark for explanation – 3 marks for the explanation of the process – a further mark should be awarded to candidates who explain that the combination of SW and OT should help the organisation formulate their strategy]

- (c) Explain the importance of the SWOT analysis in the marketing planning process. [4]**

The SWOT analysis helps the organisation formulate strategy and ensures:

- The organisation does not try to achieve something outside its capabilities
- The organisation does not undertake activity that contradicts what is happening in its external environment
- Helps ensure planning is effective

[2 marks for each relevant point made, to a maximum of 4 marks]

- (d) Write a SMART marketing objective for Sounds.com, who are looking to build market share. [5]**

[1 mark should be awarded for each of SMART element of the objective stated. It should relate to market share]

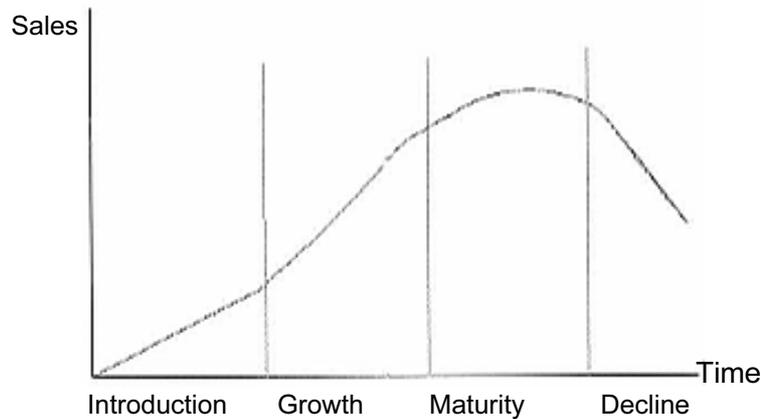
e.g. 'To grow market share to 15% of the 'downloaded music' market by the end of March 2006'

[Total: 20]

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5 (a) Explain the Product Life Cycle. Draw a diagram clearly indicating all four stages to illustrate your answer. [6]

The Product Life Cycle (PLC) is a model which illustrates the stages that a product may go through throughout its life. The marketing mix will need to be adapted at each stage to maintain the product or service [2 marks].



[1 mark for each stage, illustrated on the diagram = 4 marks]

(b) Suggest ways in which Sounds.com will need to adapt their extended marketing mix (7 Ps) when they move into the growth stage of the Product Life Cycle. [14]

At the growth stage, the product experiences a rapid increase in sales. However, competitors may be starting to enter the market, so the following changes may be necessary to try to build brand loyalty:

- Product – minor adaptations may be made e.g. adding a new category of music – easy listening as well as rap/hip hop
- Price – competitors may attack through lower prices, but brand loyalty may help Sounds.com keep theirs at previous level
- Promotion – increased publicity, both on and offline
- Place – Sounds.com use the Internet. However, they may consider partnerships with complimentary sites
- People – Need to ensure they have good people on the end of their customer service lines, and enough personnel to maintain increased demands on the site technically
- Process – improvements such as speed of download or ease of access may be made
- Physical evidence – maintain clear image, and ensure this is replicated in every form of communication

[2 marks for each element of the mix, with a suitable change suggested for the scenario – 2 x 7 = 14 marks]