

UNIVERSITY OF CAMBRIDGE INTERNATIONAL EXAMINATIONS
Cambridge International Diploma in Business
Standard Level

MARKETING

5164/01

Optional Module

May 2005

2 hours 15 minutes

Additional Materials: Answer Booklet/Paper

READ THESE INSTRUCTIONS FIRST

The time allocated for this examination includes 15 minutes reading time.
Write your Centre number, candidate number and name on all the work you hand in.
Write in dark blue or black pen.
You may use a soft pencil for any diagrams, graphs or rough working.
Do not use staples, paper clips, highlighters, glue or correction fluid.

Attempt **all** tasks.
Start each task on a new piece of paper.
Please leave a margin on the right and left hand side of each new page.
At the end of the examination, fasten all your work securely together, in the correct order.
The number of marks is given in brackets [] at the end of each question or part question.

This document consists of **3** printed pages and **1** blank page.



You must read the case study below and attempt all the tasks which follow.

[The following Case Study is fictitious]

‘Sounds.com’

A Singaporean music download site called Sounds.com has announced a major deal with a huge multinational music recording company, Global. The site already has deals with two other ‘major’ companies and is thought to be the first service with access to artists from the ‘big three’ record companies. Sounds.com is in competition with Hit-it, the download service run by Samey, and also NetMusic, backed by MEI. 5

Global’s vast list of musicians includes the world’s number one rap artist, whose recent new music album had its release date changed twice in an effort to prevent Internet ‘pirates’ and illegal song-swapping, affecting sales.

Sounds.com supports CD burning (that is, copying songs to CD) for its classical selection, but users cannot download music to portable mp3 players. However, it does offer a large collection of music. 10

There are concerns that take-up for subscription services is low, as users prefer to hunt around for illegal services. Sounds.com Chief Executive William Ko knows that only a small number of people have signed up for any of the competing services so far. NetMusic and Hit-it have yet to announce how many users they have gained. An interactive music conference has been told that the future of music on the Internet is through user-friendly fee-charging services. 15

At this conference it was identified that sites that provided free, but illegal, downloadable music are no longer able to operate. There is also optimism that the dotcom ‘madness’ (that is, the period of time when many websites were launched without long term planning or business funding, and when traditional business was thought to be under a great threat) has finished and that the music industry has a healthy long-term future. 20

A leading industry figure also stated that, "Digital content cannot be free - that element is very much accepted by everybody. The idea that music should be free just because it's digital would mean that television would be free next year and movies free in two years. At some point in the future, people will get their music digitally, if they want it that way - but they'll have to pay for it." He added that it might cost less than a CD, though, because there would be no manufacturing or retailing costs. 25

Many of the major music recording companies have already announced their intention to set up similar paid-for schemes.

Sounds.com has recently appointed you as their Marketing Executive. The company wishes to establish a marketing plan quickly in order to get ahead of its competitors. 30

You must attempt ALL of the following tasks.

- 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 for this particular firm. [5 x 4]
[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]
- (b) Identify **two** ways in which Sounds.com might use secondary data collected through their website. [2 x 4]
[Total: 20]
- 3 (a) Explain the term 'segmentation', and give **two** reasons why it is important to marketers. [5]
- (b) Explain the following segmentation bases, and identify how they might be used by Sounds.com.
- (i) Geographic [5]
- (ii) Demographic [5]
- (iii) Psychographic [5]
[Total: 20]
- 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]
- (b) Explain the process of conducting a **SWOT** analysis. [6]
- (c) Explain the importance of the **SWOT** analysis in the marketing planning process. [4]
- (d) Write a **SMART** marketing objective for Sounds.com, who are looking to build market share. [5]
[Total: 20]
- 5 (a) Explain the Product Life Cycle. Draw a diagram clearly indicating all **four** stages to illustrate your answer. [6]
- (b) Suggest ways in which Sounds.com will need to adapt their extended marketing mix (7Ps) when they move into the growth stage of the Product Life Cycle. [14]
[Total: 20]

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