

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

MARKETING

5164/01

Optional Module

May 2006

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.]

‘Auctions Online’

The US online auctioneer ‘Auctions Online’ recently accepted that it has failed to make any real progress in Japan, and has decided to leave the market. According to the company, the Japanese language site for ‘Auctions Online’ will be closed and customers will be directed to the US based auction operations.

‘Auctions Online’ admitted it had fallen behind Yeehaa Japan, the market leader in the country. "Looking back, we could have done a much better job carrying out our plan in Japan", company spokesman David Glover said. 5

‘Auctions Online’ offers 25,000 products on the Japanese site, while Yeehaa Japan has nearly 3.5 million products. "It is difficult to do well in the online marketplace when you don't secure the first to market advantage." said Lee, a web analyst. "Cutting the losses and focusing on becoming market leader elsewhere makes sense" he said. 10

‘Auctions Online’ intends to remain in the East Asian market. Just recently the company said it would buy NewComm Technology, a Taiwanese online auction operator, for US\$ 10 million. ‘Auctions Online’ is one of the few successful Internet companies, having seen its profits rising even though many other Internet companies failed. The company is the number one auction site in all of the other 18 countries in which it operates. 15

The firm has also paid US\$ 30 million for a 33% stake in Shanghai-based OneNet, an online trading firm that claims 4.5 million registered users.

Like some of its online competitors, ‘Auctions Online’ sees China as Asia's - or even the world's - key growth market for Internet services. ‘Auctions Online’ president and chief executive Mary Whitehead stated that e-commerce revenue in China was projected to increase massively to more than US\$ 16 billion in the next 3 to 4 years. The deal with OneNet, she said, was "an important step forward in ‘Auctions Online’s’ strategy to build a truly global market place." 20

You have just been appointed as a marketing executive within a newly-created marketing team to manage the launch of ‘Auctions Online’ in the Chinese market. 25

You must attempt ALL of the following tasks

- 1 The senior management of 'Auctions Online' in China has asked you to explain the importance of marketing to the rest of the staff. Produce a memo that covers the following:
- (a) a definition of marketing; [5]
 - (b) the purpose of marketing; [10]
 - (c) the benefits of developing a marketing orientation. [5]
- [Total: 20]**
- 2 'Auctions Online' is considering using marketing research to help with its business decisions in China.
- (a) Explain how 'Auctions Online' would benefit from marketing research. [5]
 - (b) Explain the difference between primary and secondary research methods. [6]
 - (c) Identify **three** research methods that would be suitable for 'Auctions Online'. Explain why these methods are suitable. [9]
- [Total: 20]**
- 3 The senior management at 'Auctions Online' is concerned that it does not have enough knowledge of customer segments and customer needs in the Chinese market.
- (a) Identify the **five** stages of the research planning process for the collection of market information and explain what happens at each stage. [10]
 - (b) (i) Define segmentation. [1]
 - (ii) Identify and explain **three** key methods used to segment consumer markets. [9]
- [Total: 20]**
- 4 As a new marketing executive at 'Auctions Online', one of your first tasks is to prepare a new marketing plan for the coming year. Explain what happens at each of the following stages:
- (a) Environmental analysis (Marketing Audit); [4]
 - (b) SWOT analysis; [4]
 - (c) Setting objectives; [4]
 - (d) Segmentation; [4]
 - (e) Implementing the marketing mix. [4]
- [Total: 20]**
- 5 (a) Outline an extended marketing mix (7Ps) with a description of each element in relation to 'Auctions Online'. [14]
- (b) Explain why it is important for 'Auctions Online' to consider the extra three Ps of the extended marketing mix. [6]
- [Total: 20]**

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