

**UNIVERSITY OF CAMBRIDGE INTERNATIONAL EXAMINATIONS**  
Cambridge International Diploma Standard Level

## **MARK SCHEME for the May 2007 question paper**

### **CAMBRIDGE INTERNATIONAL DIPLOMA IN BUSINESS**

**5164      Marketing, Maximum mark 100**

This mark scheme is published as an aid to teachers and candidates, to indicate the requirements of the examination. It shows the basis on which Examiners were instructed to award marks. It does not indicate the details of the discussions that took place at an Examiners' meeting before marking began.

All Examiners are instructed that alternative correct answers and unexpected approaches in candidates' scripts must be given marks that fairly reflect the relevant knowledge and skills demonstrated.

Mark schemes must be read in conjunction with the question papers and the report on the examination.

- CIE will not enter into discussions or correspondence in connection with these mark schemes.

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|               |   |                 |
|---------------|---|-----------------|
| <b>Page 2</b> | <b>Mark Scheme</b>                                | <b>Syllabus</b> |
|               | <b>Cambridge International Diploma – May 2007</b> | <b>5164</b>     |

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]

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]

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]

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]

**1 The Senior Management at AGES China are concerned that the staff do not understand the key principles of marketing. Prepare a memo that covers the following topics.**

- (a) Identify and explain *five* benefits of developing a marketing orientation within AGES, using examples to support your answer. [10]**

*Marks*

Benefits of marketing orientation:

- Customer needs are met
- Customer loyalty is increased
- Also applies to internal customers – employees
- Aids in the compilation of customer database
- Helps the organisation to grow
- Provides a competitive advantage
- Costs of retaining customers are less than those taken to acquire new customers
- The longer you retain a customer the higher their spend will be

Stronger candidates will use examples from the Case to illustrate any five of the above points. (5 x 2 marks)

- (b) Identify and explain, with examples from the case study, *five* key implications for AGES when developing a marketing oriented approach. [10]**

*Marks*

Key implications:

- Need to understand the importance of retaining customers
- Need to understand how to build and maintain customer loyalty
- Ensuring that all departments and employees focus on the customer
- Customer is central to the function of the organisation
- May involve change to the organisational structure

Stronger candidates will use examples from the Case to illustrate these points. (5 x 2 marks)

**[Total: 20]**

|               |   |                 |
|---------------|---|-----------------|
| <b>Page 3</b> | <b>Mark Scheme</b>                                | <b>Syllabus</b> |
|               | <b>Cambridge International Diploma – May 2007</b> | <b>5164</b>     |

**2 Your Marketing Director has asked you to help put together a presentation for the staff at AGES. Produce slide, with presenter's notes, for each of the following topics.**

- (a) A definition of marketing research** [5]
- (b) Reasons for carrying out marketing research** [5]
- (c) Primary methods for marketing research which are available** [5]
- (d) Secondary methods of marketing research which are available** [5]

*Marks*

- (a)** Definition – the collection and analysis of market or customer information.
  
- (b)** Reasons for undertaking marketing research – to identify market and competitor's products, understand demand for product or service, identify acceptable prices, explore customer satisfaction levels.
  
- (c)** Primary research – first-hand data, collected using surveys, questionnaires, focus groups, observation, etc.
  
- (d)** Secondary research – data already collected, collated and analysed for another purpose – collected through 'desk research' – company records, government publications, trade journal, internet, etc.

(In each case, 1 mark for appearance of slide and 4 for any relevant points made)

**[Total: 20]**

|               |   |                 |
|---------------|---|-----------------|
| <b>Page 4</b> | <b>Mark Scheme</b>                                | <b>Syllabus</b> |
|               | <b>Cambridge International Diploma – May 2007</b> | <b>5164</b>     |

- 3 (a) Describe the *five* stages of the planning process used for gathering marketing information. [5 x 2]

*Marks*

Five stages of the planning process for the collection of information are:

- Setting objectives
- Select sources of information
- Collection of the data
- Analysis of the data
- Drawing conclusions

Level 3 and 4 candidates will explain, briefly, what happens at each stage:

- Reasons for research – what does the organisation need to know
- Should primary or secondary research be used, suitability and cost
- Sample size
- Analyse data to obtain useful information
- Use information to inform marketing decisions

- (b) Define the term 'market segmentation'. [4]

*Marks*

Definition of segmentation – Division of market into groups of customers with similar needs or characteristics.

- (c) Explain *three* reasons why AGES would benefit from segmenting their consumer market. [6]

*Marks*

Benefits of market segmentation:

- Identify new markets
- Enable specialisation
- Gain competitive advantage
- Target effectively
- Control resources

Any three of the above, with the benefits to AGES suitably explained. (3 x 2 marks)

[Total: 20]

|               |   |                 |
|---------------|---|-----------------|
| <b>Page 5</b> | <b>Mark Scheme</b>                                | <b>Syllabus</b> |
|               | <b>Cambridge International Diploma – May 2007</b> | <b>5164</b>     |

**4 You have been asked to prepare a report for the junior members of the marketing department to help them understand the marketing planning process. Your report should identify and explain the following elements of the marketing planning process.**

**(a) The marketing audit** [6]

*Marks*

Environmental Analysis (Marketing Audit) comprise of:

- External PEST factors (Political, Economic, Social, Technological)
- Internal factors (Current plans, sales figures etc.)
- Competitor and market analysis

**(b) SWOT Analysis** [4]

*Marks*

SWOT analysis – Strengths, Weaknesses, (internal) Opportunities and Threats (external).  
Informed by Environmental Analysis (Marketing Audit)

**(c) Objectives** [4]

*Marks*

Objectives – What do we want to achieve? SMART objectives.

**(d) The marketing mix** [6]

*Marks*

Marketing mix – The 4 P's of the marketing mix, the further 3 P's of the extended marketing mix.

|               |   |                 |
|---------------|---|-----------------|
| <b>Page 6</b> | <b>Mark Scheme</b>                                | <b>Syllabus</b> |
|               | <b>Cambridge International Diploma – May 2007</b> | <b>5164</b>     |

**5 (a) Recommend a seven P marketing mix for AGES new online video game. [14]**

The seven P's of the expanded marketing mix are:

- Product
- Price
- Promotion
- Place
- People
- Process
- Physical Evidence (7 marks)

Level 3 and 4 candidates will describe each element in the context of AGES:

- Product – a service – online video games
- Price – pricing strategies for market entry (skimming or penetration). Price of registration
- Promotion – Use of the promotion mix to communicate with potential customers
- Place – Direct channel of distribution
- People – Training employees who interact with customers – via email or telephone
- Process – Ease in which customers use the service, play the video game, make payments
- Physical evidence – AGES website, video game

Up to seven marks can be awarded. (7 marks)

**(b) Explain why it is important for AGES to consider the extra three Ps of the extended marketing mix. [6]**

*Marks*

AGES provide a service – not just a tangible product. The three P's of the extended marketing mix help build relationships with the customer. Stronger candidates may refer to the characteristics of services – Intangibility, perishability, inseparability and heterogeneity. Should be linked to Case Study -

People – Need to ensure they have good people on the end of their customer service lines, and enough personnel to maintain increased demands of use, playing time

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.

**[Total: 20]**