

UNIVERSITY OF CAMBRIDGE INTERNATIONAL EXAMINATIONS
Cambridge International Diploma Standard Level

MARK SCHEME for the May 2008 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.

CIE is publishing the mark schemes for the May/June 2008 question papers for most IGCSE, GCE Advanced Level and Advanced Subsidiary Level syllabuses and some Ordinary Level syllabuses.

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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]

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 first step for Maisie is to talk to her family and gain their agreement. Make notes about the following that will help her to persuade her family that this is a good plan:

(a) Define the term 'marketing' [5]

Marks

Marketing is the relationship between the seller and the buyer, it is used to meet and anticipate the needs of the customer, it facilitates exchanges and identifies that the customer is important to all organisations. (5 marks)

(b) Explain *three* benefits marketing could offer Glass Crafts. [3 x 5]

Marks

Answers to this question will vary. However, candidates should identify that marketing has three of the following benefits explaining each one clearly:

- It helps businesses to identify, anticipate, influence and satisfy customer needs
- It helps businesses to respond to changes in the market
- To improve/increase market share
- To enter new markets, such as mail order for tourists returning home
- To increase awareness of products and services
- To achieve organisational goals
- To facilitate communications – internally and externally
- To build relationships with stakeholders

(Any three benefits, fully explained 3 x 5 = 15 marks)

[Total: 20]

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2 Maisie needs to carry out market research before she puts together her marketing plan.

(a) Explain the five stages of the process used in the collection of marketing information.

[10]

Marks

The 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 (5 marks)

Candidates are also asked to 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 (5 marks)

(b) (i) Explain the difference between primary and secondary research. **[4]**

(ii) Explain how Maisie could use *one* method of primary research. **[3]**

(iii) Explain how Maisie could use *one* method of secondary research. **[3]**

Marks

- (i)** Primary research methods obtain first-hand information for a specific purpose and is often referred to as field research. Secondary research methods involve the collection of data which already exists and was originally collected for a different purpose. (3 marks)
Level 4 candidates will identify that secondary research often occurs first when conducting of a marketing research project. (1 mark)

- (ii)** Candidates should offer **one** example of a primary research method that could be used by Maisie from the following, and explain it:

Primary

- Interviews
- Focus groups
- Observation
- Surveys (3 marks)

- (iii)** Candidates should offer **one** example of a secondary research method that could be used by Maisie from the following, and explain it

Secondary

- Company records
- Government publications
- Trade journals
- Competitors websites or promotional materials (3 marks)

[Total: 20]

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3 Maisie knows that she needs to segment her market.

(a) Define the term ‘segmentation’. [4]

Marks

Segmentation is – the **division of markets** into **groups of customers** with **similar needs** to enable more **effective targeting of marketing** activities (4 marks)

(b) Explain *three* key methods used to segment consumer markets. [12]

Marks

Three key bases for segmenting the consumer market:

- Geographic
- Demographic
- Psychographic (3 marks for identification of bases)

The basis of each type of segmentation can include the following:

- Geographic – Location – country, region, city
 - Demographic – Age, gender, ethnicity, socio-economic class
 - Psychographic – Attitude, interests, motivation, lifestyle
- 3 marks for each base. (3 x 3 = 9 marks for development or examples)

(c) Recommend one of the methods in (b) above for Maisie to use, and give reasons for your choice. [4]

Marks

Candidates may choose any segmentation base providing it is justified in terms of the facts in the Case Study. E.g. Geographic – by segmenting the tourist’s home markets for mail order or Internet buying. Demographic – by profiling the typical tourist who visits the shop. Psychographic – someone with interests in ethnic crafts and customs. (4 marks)

[Total: 20]

4 Maisie must prepare a marketing plan for Glass Crafts for the coming year.

(a) Explain what the PEST factors are in an analysis of the external environment and identify one issue from the Case Study for *each* factor. [3 x 4 = 12]

Marks

PEST factor	General description	Factor from Case
Political	Action by government of home country or target market including legislation	Government encouraging marketing and expansion through grants – Opportunity
Economic	Taxes, tariffs, state of the economy	Economy healthy – tourist activity
Social	Demographic trends	Visitors from overseas taking holidays in the locality
Technical	Technological developments presenting opportunities or threats to the business	Availability of the Internet enables small businesses to target larger markets
4 marks	4 marks	4 marks

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(b) Explain the term ‘SWOT analysis’

[8]

Marks

Candidates gain 1 mark for identifying:

S = Strength

W = Weakness

O = Opportunity

T = Threat (4 marks)

A further 4 marks are available for identifying:

- Strengths and weaknesses come from internal analysis
- Opportunities and Threats come from the external analysis
- SWOT provides a summary of the marketing audit
- It is used to help set objectives and strategy

[Total: 20]

5 (a) Outline a marketing mix (7Ps) with a description of each element in relation to Glass Craft’s new market of tourists who have returned home to other countries. [7 x 2 = 14]

Marks

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

- Product
- Price
- Promotion
- Place
- People
- Process
- Physical Evidence

3 marks for identifying each element and 4 marks maximum for generic examples.
(7 marks)

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

- Product – glass objects. Jewellery most likely to suit overseas market
- Price – pricing strategies for overseas market including cost of mailing goods and additional administration
- Promotion – Use of the promotional mix to communicate with customers – provision of literature to take away, website, advertising through hotels and excursion companies. Catalogue for mail order.
- Place – Direct channel of distribution through mail order or Internet
- People – Training employees who interact with customers – via email or telephone
- Process – Ease in which customers order goods, make payments etc.
- Physical evidence – Shop and new website

Up to seven marks can be awarded. Maximum of 14 for marketing mix relevant to Case Study (7 marks)

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(b) Explain the term ‘relationship marketing’ and why it is important to Glass Crafts. [6]

Marks

When only selling through the shop Glass Crafts conducted ‘transactional marketing’ – i.e. they did not maintain contact with customers after the sale was made.

Now they are thinking of providing goods to tourists after they return home they need to think about building relationships with these customers by:

- providing a good service
- maintaining contact
- communicating through the website
- retaining customers and encouraging them to rebuy
- ensuring their goods are high quality
- having a returns policy (6 marks)

[Total: 20]