

UNIVERSITY OF CAMBRIDGE INTERNATIONAL EXAMINATIONS
Cambridge International Diploma Standard Level

MARK SCHEME for the May 2011 question paper
for the guidance of teachers

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, which would have considered the acceptability of alternative answers.

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

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

Cambridge is publishing the mark schemes for the May/June 2011 question papers for most IGCSE, GCE Advanced Level and Advanced Subsidiary Level syllabuses and some Ordinary Level syllabuses.

| | | |
|---------------|---------------------------------------------------|-----------------|
| Page 2 | Mark Scheme: Teachers' version | Syllabus |
| | Cambridge International Diploma – May 2011 | 5164 |

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)

| | | |
|--------|--------------------------------------------|----------|
| Page 3 | Mark Scheme: Teachers' version | Syllabus |
| | Cambridge International Diploma – May 2011 | 5164 |

1 Abhidi's Luxury Chocolates have a strong customer focus and use many marketing techniques to grow their business.

(a) Explain what is meant by the term customer focus. [5]

Customer focus means that:

- The whole organisation puts the customer at the centre of what they do
- Customer needs are researched on an ongoing basis
- Products are developed to meet customer needs
- Promotion is used to engage with customers
- The market is segmented so that the organisation can satisfy the needs of target group(s)

(5 marks)

(b) Explain the following key responsibilities of the marketing department from the Case Study, and how each contributes to the company's objectives.

(i) Entering new markets [5]

Marketing's role is to research the new market, check its suitability, check for similarities and differences in culture, check there is a need for the product, etc. This could save the organisation money by taking the risk out of the exercise. It could contribute to objectives by growing the market profitably.

(5 marks for a suitable explanation and link to objectives)

(ii) Consulting market research [5]

This could be linked to the previous point or any other need for research – e.g. changing customer needs. It can again contribute to objectives by reducing risk and waste. It can also ensure marketing activity is targeted appropriately.

(5 marks for a suitable explanation and link to objectives)

(iii) Running promotional campaigns [5]

Marketing can improve awareness, differentiate from competitors, provide information, remind existing customers of brand values, and reassure/reduce perceived risk through promotional campaigns. They can also persuade customers to buy and communicate with a wider group of stakeholders.

(5 marks for a suitable explanation and link to objectives)

[Total: 20]

| | | |
|--------|--------------------------------------------|----------|
| Page 4 | Mark Scheme: Teachers' version | Syllabus |
| | Cambridge International Diploma – May 2011 | 5164 |

2 The marketing director needs to carry out market research before deciding whether to launch a new product.

(a) Explain the five stages of the market research process. [5 × 2 = 10]

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 and reporting

(5 marks for list of stages, a further 5 marks for explanations of each stage)

(5 × 2 = 10)

(b) (i) Identify five sources of secondary research which could be used to investigate the market for a new product. [5 × 1]

- Government statistics in new market
- Economic intelligence bulletins
- Local chamber of commerce//trade
- Online database of retailers
- Research reports on consumer trends in confectionery market

(1 mark for each relevant source identified – 5 x 1)

(ii) Explain one type of primary research which could be used to investigate the market for a new product [1 × 5]

Answers to this may vary – any appropriate type of primary research can be awarded marks, if linked to new chocolate product:

Questionnaire

Focus group

Observation

Experimentation

(2 marks for identification of a primary research method + 3 marks for explanation and link to new product research)

[Total: 20]

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|--------|--------------------------------------------|----------|
| Page 5 | Mark Scheme: Teachers' version | Syllabus |
| | Cambridge International Diploma – May 2011 | 5164 |

3 Abhidi's Luxury Chocolates are sold to personal consumers.

- (a) Explain two different ways of segmenting the market for chocolate. [2 × 5]**

Key methods for segmenting consumer markets are:

- Geographic
- Demographic
- Psychographic
- Behavioural

For chocolate behavioural or psychographic are most likely – particularly those who eat with friends or family

(5 marks for explaining any two appropriately for chocolate)

- (b) Explain the five stages of the consumer buyer decision process. [5 × 2 = 10]**

Recognition of need

Information search

Evaluation of alternatives

Purchase decision

Post-purchase evaluation

(2 marks for each stage, suitably explained)

[Total: 20]

4 The marketing director has a clear marketing plan in place.

- (a) Identify two PEST factors from the case study and explain how they have affected the business. [2 × 4 = 8]**

Answers to this may vary – however, from the Case Study:

Economic – Global recession – less money to be spent on luxuries

Social – Chocolate eating trends – need for 'feelgood' factor

(4 marks for each of two relevant factors, suitably explained and linked to the chocolate market)

- (b) Explain how the results of a SWOT analysis might be used to help develop a marketing plan. [4]**

Candidates gain 2 marks for identifying:

S = Strength

W = Weakness

O = Opportunity

T = Threat = 2 mark

A further 2 marks are available for identifying –

SWOT provides a summary of the marketing audit and is used to help set objectives and strategy = 2 marks

- (c) Explain **four** control mechanisms that might be used to measure progress against the marketing plan. [4 × 2 = 8]

Answers to this may vary. Candidates may identify any suitable control mechanisms for a marketing plan:

| | | |
|----------------------|-----------------|------------------------|
| Return on investment | Reach | Customers acquired |
| Sales value | Frequency | Registrations |
| Sales volume | Customer churn | New products launched |
| Profitability | Leads generated | Column inches achieved |
| Market share | 'Click through' | % awareness |

(2 marks for each of four control mechanisms, suitably explained)

[Total: 20]

- 5 (a) Explain the elements of the marketing mix (4Ps) with examples of how each would apply to Abhidi's Luxury Chocolates. [4 × 2 = 8]

The 4 Ps of the marketing mix are:

- Product
- Price
- Promotion
- Place

2 marks for identifying each element and 2 marks for generic examples.
(4 marks)

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

- Product – chocolate – luxury, branded, distinctively packaged
- Price – premium pricing strategies for consumer market
- Promotion – Use of the promotional mix to communicate with customers – provision of literature to take away, website, advertising through magazines and TV.
- Place – Through retailers or direct over website

Up to 4 marks can be awarded. (4 marks)

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|---------------|---------------------------------------------------|-----------------|
| Page 7 | Mark Scheme: Teachers' version | Syllabus |
| | Cambridge International Diploma – May 2011 | 5164 |

(b) Explain how the following could be used in a campaign to promote the luxury chocolates during religious festivals:

(i) TV advertising [4]

This is a form of mass communications that would raise awareness of the product/brand before the religious festival and during the period. It would also remind existing customers about the product. It could also use appropriate imagery to link eating chocolate to the festival.

(4 marks for any relevant suggestions, linked to chocolate and religious festival)

(ii) Point of sale activity [4]

This could provide a link to the TV campaign (using the same creative). It could also carry a pos sales promotion. It could also encourage trial of the chocolate through merchandising.

(4 marks for any relevant suggestions, linked to chocolate and religious festival)

(iii) Public relations (PR) [4]

This could take the form of communication with the trade press. It could also take the form of a campaign on the website – again, perhaps with special offers. It could provide recipes for a family meal linked to the festival and showing chocolates as an after dinner treat.

(4 marks for any relevant suggestions, linked to chocolate and religious festival)

[Total: 20]