

CAMBRIDGE INTERNATIONAL EXAMINATIONS
Cambridge International Diploma Standard Level

MARK SCHEME for the May 2013 series

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 should be read in conjunction with the question paper and the Principal Examiner Report for Teachers.

Cambridge will not enter into discussions about these mark schemes.

Cambridge is publishing the mark schemes for the May 2013 series for most IGCSE, GCE Advanced Level and Advanced Subsidiary Level components and some Ordinary Level components.

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Examiners should note that:

- The following are not model answers but should be regarded as persuasive
- Across the whole paper, examiners should accept any examples given which are suitably justified
- The guidance identifies the more likely points that candidates will raise
- Although some tasks are generic, responses should be made in context where appropriate
- Extensive answers are not called for but candidates should offer well-written informative responses
- English is not the first language of the majority of our candidates. The quality of written language is not part of the assessment
- This is a Standard level paper

The following table applies generally across all answers, and should be applied in the framework of the mark available.

| Mark band | Descriptors |
|------------------|---|
| Poor fail | Very basic or limited knowledge; identification of perhaps one element without discussion, explanation or application. |
| Fail | Indicates limited knowledge; offers keywords, indicates some awareness, limited explanation. |
| Pass | A good answer showing understanding, obvious knowledge and application, sometimes limited context. |
| Merit | A clear answer showing a good understanding of the issue; obvious knowledge and application, good use of context. |
| Distinction | Best possible response given exam pressure; clear and direct answer to the task; shows knowledge, application, some judgement and context, well-structured. |

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1 The first step for Sharesca is to talk to her family and gain their agreement.

(a) Define the term marketing. [5]

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) Make notes to explain three benefits that marketing could offer Ceramic Crafts. [3 × 5 = 15]

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 × 5 = 15 marks)

[Total: 20]

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

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

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

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 a marketing research project. (1 mark)

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

Candidates should offer one example of a primary research method that could be used by Sharesca from the following, and explain it

Primary

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

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

Candidates should offer one example of a secondary research method that could be used by Sharesca 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 Sharesca knows that she needs to segment her market.

(a) Define the term segmentation. [4]

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 methods that can be used to segment consumer markets. [3 × 4 = 12]

Three key bases for segmenting the consumer market –

- Geographic
 - Demographic
 - Psychographic
- (3 marks)

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 × 3 = 9 marks)

[12 marks]

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

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]

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4 Sharesca must prepare a marketing plan for Ceramic 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 × 4 = 12]

| PEST factor | General description | Factor from Case |
|-------------|--|--|
| Political | Action by government of home 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 locally |
| 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 |

(b) Explain the term SWOT analysis. [8]

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]

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5 Ceramic Crafts have identified a new market of tourists who still want to buy their goods after they have returned home to their own countries.

(a) Describe each element of a marketing mix (7Ps) designed to target this new market.

[7 × 2 = 14]

The seven Ps 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 – ceramic 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)

(b) Explain the term relationship marketing and state why it is important to Ceramic Crafts. [6]

When only selling through the shop Ceramic 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 and
- having a returns policy.

(6 marks)

[Total: 20]