



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

**MARKETING**

**5164/01**

Optional Module

**May 2011**

**2 hours plus 15 minutes' reading time**

Additional Materials: Answer Booklet/Paper

**READ THESE INSTRUCTIONS FIRST**

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 **4** printed pages.



**You must read the case study below and attempt ALL of the tasks which follow.**  
(This case study is fictitious.)

### **ABHIDI'S LUXURY CHOCOLATES**

The UK chocolate market is worth US\$7 billion<sup>1</sup>, making it the largest in Europe. UK consumers give chocolate as gifts and have been doing so for many years. The gift sector is about 10% of the total market, and it was for that reason that Abhidi decided to enter this market 10 years ago. His business has been very successful and he is now well-known in the market place for his luxury creamy nut chocolates, made to a special recipe. 5

His gift boxes of chocolates are now the second biggest selling brand in the market place, and he has managed to expand his market into 15 other countries across three continents. His marketing department has developed a strong brand that is easily recognisable from the deep red packaging on the boxes and the large gold coloured ribbons that are attached. Chocolates are sold in three different sizes – 24 chocolate boxes, 32 chocolate boxes and 48 chocolate boxes. The marketing department has wanted to vary the size and shape of the boxes for different occasions but Abhidi has stopped this happening every time so far. 10

Research has always shown a positive attitude towards the brand from its target market. The market is segmented by behaviour, and Abhidi's Luxury Chocolates are targeted at those who enjoy informal meals with family and friends. Not only do guests buy the chocolates for their hosts, but they are also bought as an after-dinner treat by those hosting the meal. 15

Until now promotional activity has been limited to glossy magazine advertisements, point of sales material, public relations (PR) in specialist food publications and Abhidi's own website. A premium price is charged for the chocolates and sales are made through a variety of channels; supermarkets, specialist chocolate shops and direct sales from the website. 20

At the start of the global recession Abhidi's Luxury Chocolates continued to sell, and many press reports stated that the public continued to buy chocolate because it made them feel better, and because it was not a major expense. Abhidi was very encouraged by this and did not change his strategy for business growth into more international markets. His business advisers were unhappy with this decision and suggested that he should wait until global markets started to recover. 25

Sales have now started to fall and his marketing director wants to take drastic action to build sales back up to previous levels. He suggests to Abhidi that the company:

- reduce the size of the smallest box of the current Abhidi branded chocolates but maintain the luxury brand values;
- run a TV advertising campaign for the first time; 30
- design a special campaign to encourage sales over religious festivals, when more families meet to eat together;
- do some merchandising in large shopping centres to encourage potential customers to try Abhidi chocolates;
- develop a new product range of non-luxury chocolates to target those who have less to spend on gifts but still want to buy chocolate. 35

Abhidi thinks that all of this activity is unnecessary and has a meeting planned with all the staff in the marketing department to discuss the ideas.

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<sup>1</sup> Quoted in US dollars

**You must attempt ALL of the following tasks.**

**Where appropriate use information from the case study to support your answer.**

- 1 Abhidi's Luxury Chocolates has a strong customer focus and uses many marketing techniques to grow their business.
- (a) Explain what is meant by the term customer focus. [5]
- (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]
- (ii) Consulting market research. [5]
- (iii) Running promotional campaigns. [5]
- [Total: 20]**
- 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 x 2 = 10]
- (b) (i) Identify **five** sources of secondary research which could be used to investigate the market for a new product. [5 x 1 = 5]
- (ii) Explain **one** type of primary research which could be used to investigate the market for a new product. [5]
- [Total: 20]**
- 3 Abhidi's Luxury Chocolates are sold to personal consumers.
- (a) Explain **two** different ways of segmenting the market for chocolate. [2 x 5 = 10]
- (b) Explain the **five** stages of the consumer buyer decision process. [5 x 2 = 10]
- [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 x 4 = 8]
- (b) Explain how the results of a SWOT analysis might be used to help develop a marketing plan. [4]
- (c) Explain **four** control mechanisms that might be used to measure progress against the marketing plan. [4 x 2 = 8]
- [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 x 2 = 8]**
- (b) Explain how the following could be used in a campaign to promote the luxury chocolates during religious festivals:
- (i) TV advertising. **[4]**
  - (ii) Point of sale activity. **[4]**
  - (iii) Public relations (PR). **[4]**
- [Total: 20]**

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