

# UNIVERSITY OF CAMBRIDGE INTERNATIONAL EXAMINATIONS

Cambridge International Diploma Standard Level

## MARK SCHEME for the October 2004 question paper

### CAMBRIDGE INTERNATIONAL DIPLOMA IN BUSINESS

5164 Marketing, maximum mark 100

This mark scheme is published as an aid to teachers and students, to indicate the requirements of the examination. It shows the basis on which Examiners were initially instructed to award marks. They do not indicate the details of the discussions that took place at an Examiners' meeting before marking began. Any substantial changes to the mark scheme that arose from these discussions will be recorded in the published *Report on the Examination*.

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 discussion or correspondence in connection with these mark schemes.



October 2004

**CAMBRIDGE INTERNATIONAL DIPLOMA**  
**Standard Level**

**MARK SCHEME**

**MAXIMUM MARK: 100**

**PAPER: 5164**

**Marketing**



<b>Page 1</b>	<b>Mark Scheme</b>	<b>Paper</b>
	<b>CAMBRIDGE INTERNATIONAL DIPLOMA – OCTOBER 2004</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 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]**

<b>Page 2</b>	<b>Mark Scheme</b>	<b>Paper</b>
	<b>CAMBRIDGE INTERNATIONAL DIPLOMA – OCTOBER 2004</b>	<b>5164</b>

**1 (a) Write a definition of marketing for George to explain what marketing means. [5]**

There are many acceptable definitions of marketing -

The Chartered Institute of Marketing's definition is 'the management process responsible for identifying, anticipating, and satisfying customer needs profitably'.

Key words for inclusion could be –

- Process
- Customer
- Needs
- Profit or company goal/objective
- Future

**(b) Explain, using examples relevant to the Case Study, the meaning of the following terms:**

**(i) marketing research**

Marketing research is the collection and analysis of information to inform marketing decisions. This might include customer and competitor information. Examples of relevant decisions might be what prices George should charge, where he should advertise, what products he should sell, what level of service he should offer.

**[2 marks per explanation + 1 mark for example from the Case Study - 3 marks]**

**(ii) Market segmentation**

Market segmentation is the division of a market into a group of customers with similar needs. Examples for George might include - business people on the way to work, tourists during the day, working people finishing late shifts late in the evening.

**[2 marks for explanation + 1 mark for example from the Case Study - 3 marks]**

**(iii) Marketing plan**

A marketing plan looks at analysis, strategies, actions and control mechanisms for a period of time and provides a framework for all staff to work to. Examples for George might include monitoring competitor activity and deciding how to respond, deciding on target markets and what products to offer when, putting together a promotional campaign, setting objectives and measuring progress against these.

**[2 marks for explanation + 1 mark for example from the Case Study - 3 marks]**

<b>Page 3</b>	<b>Mark Scheme</b>	<b>Paper</b>
	<b>CAMBRIDGE INTERNATIONAL DIPLOMA – OCTOBER 2004</b>	<b>5164</b>

**(iv) Marketing mix**

The marketing mix is either the 4 Ps or 7 Ps - product, price, place, promotion, people, process and physical evidence. Candidates should use just one appropriate example relevant to the context of the Case.

**[2 marks for explanation + 1 for example from the Case Study - 3 marks]**

**(v) Market share**

Market share refers to the percentage of total sales of a particular product or service that is attributable to the company. In George's case, this would be the percentage of the total fast food eating taking place in Singapore.

**[2 marks for explanation + 1 mark for example from the Case Study - 3 marks]**

**[5 x 3]**

**[Total: 20]**

**2 (a) George has been carrying out a recognised method of primary research. Identify the method he has been using, and explain what is involved. [5]**

George has been carrying out 'observation', which is a recognised method of primary research. He has been visiting competitors and watching their activity and customer activity, to help him make marketing decisions for his business.

**[1 mark for correctly identifying 'observation', and up to a further 4 marks for explanation - 5 marks]**

**(b) You have recommended that George carry out further primary research to identify his customers' needs. Explain and identify different data collection methods for the following types of research.**

**(i) Customer survey [5]**

A survey of customers involves use of a questionnaire to obtain quantitative or qualitative data. It may be face-to-face, telephone or postal, all of which have advantages and disadvantages and varying costs. Data can be analysed to provide information for specific marketing decisions.

**(ii) Customer focus group [5]**

A customer focus group is a group discussion between 5 - 9 people, led into an exchange of views by a moderator or researcher. It is useful as it tends to reveal views that are not revealed in one-to-one situations. Experienced and qualified researchers are needed to manage groups to giving true information.

**(iii) Customer interview [5]**

Customer interviews can be face-to-face or over the telephone using questionnaires, or they can be 'in-depth' with unstructured questioning to reveal broader qualitative information.

**[Total: 20]**

Page 4	Mark Scheme	Paper
	CAMBRIDGE INTERNATIONAL DIPLOMA – OCTOBER 2004	5164

**3 (a) Explain two different methods that a coffee shop might use to segment its market. [10]**

A Coffee Shop targets consumers, and methods include behavioural segmentation, demographic segmentation, and psychographic segmentation.

Candidates may identify many different target markets from the above, and for full marks, should demonstrate an ability to state the method they are using and describe fully the market they are targeting. For example -

Combination of behavioural and demographic –

Behavioural - benefit sought - convenience

Demographic - mainly office work in the area, 19 - 35 years of age, start work at 8.30am. Need fast service and early opening hours, plus breakfast food and drink, and snacks to take to work

Demographic - young mothers with pre-school children, shopping in the area from 9.30 - 11.30am, and 2 - 3.15pm. Need appropriate snacks and drinks, relatively cheaply, and facilities to feed young children at the same time.

**[5 marks for each of 2 appropriate examples - 10 marks]**

**(b) Explain five advantages that segmenting the market would offer to a coffee shop. [10]**

Advantages of segmentation include -

- Helps the organisation to define its target markets - in George's case, he can develop a profile of various groups of customers
- Helps design an appropriate marketing mix - in George's case, he can vary his products and services, prices and promotion to his target groups
- Helps to differentiate from the competition - helps George to provide services to a group that fast food outlets do not target
- Helps the organisation be more cost effective - George will not waste money on advertising to people who will not use the Coffee Shop, and can make the image and message specific to his customer groups, for example
- Can help organisation take advantages of new opportunities - for example, George might decide to stay open later than the fast food outlets to cater for people finishing late shifts.

**[2 marks for each of five advantages, linked to the context of the Case Study - 10 marks]**

**[Total: 20]**

Page 5	Mark Scheme	Paper
	CAMBRIDGE INTERNATIONAL DIPLOMA – OCTOBER 2004	5164

**4 George has asked you to put together a marketing plan for him, to help the Coffee Shop stay in business.**

- (a) Identify one strength, one weakness, one opportunity and one threat that would be included in a SWOT analysis for the marketing plan. [8]**

Candidates may suggest many varying examples, but should recognise that SW is internal and OT is external. For full marks, examples should be relevant to the Coffee Shop, and not generic.

For example -

*Strength* - established customer base

*Weakness* - not as service focused as fast food outlets

*Opportunity* - to identify niche markets that fast food outlets do not attract e.g. tourists looking for local experience

*Threat* - world economic climate may stop tourist travel

**[2 marks for each appropriate example (only one mark if example is correct but irrelevant to the Case Study) x 4 - 8 marks]**

- (b) Give two reasons why it is important for George to continue to monitor competitor activity on a regular basis. [4]**

Competitor activity needs to continue to be monitored to –

- Ensure any differential is maintained
- Be able to make decisions and respond promptly if needed
- To identify new entrants to the market
- To monitor their changing objectives and plans
- To monitor their changing strengths and weaknesses

**[2 marks for any two relevant reasons, suitably explained - 4 marks]**

- (c) Explain why it is important to review progress to a plan on a regular basis, and how SMART objectives help you to do this. [8]**

- A plan is only useful if it is put into action, and actions need checking
- It is difficult to follow a plan for a full twelve months without reviewing progress regularly
- The environment a firm operates in is constantly changing
- If progress towards goals is not being achieved, it will be too late to put the situation right at the 12-month point.
- SMART objectives are measurable, so give something to review against
- It helps check customer satisfaction
- It helps check profitability
- It helps check sales volume

**[2 marks for each of four appropriate reasons, one of which must refer to SMART objectives - 8 marks]**

**[Total: 20]**

Page 6	Mark Scheme	Paper
	CAMBRIDGE INTERNATIONAL DIPLOMA – OCTOBER 2004	5164

5 Suggest actions that a coffee shop might take under the following four elements of the marketing mix:

(a) **Product/service** [5]

- Prompt service to all customers
- Baby changing facilities
- Baby food and bottle warming facilities
- Breakfast snacks identified through customer research
- Local food and drinks for tourists

(b) **Promotion** [5]

- Get local PR in newspapers stressing new improved services
- Deliver fliers to local businesses
- Ensure customers give good word of mouth recommendations to others
- Ensure staff tell all customers about all new facilities
- Put posters in local shopping and community centres

(c) **People** [5]

- Recruit staff that have a good customer attitude
- Train staff to treat customers well
- Provide a uniform
- Ensure staff smile and are pleasant at all times
- Ensure staff are observant and clear tables quickly when customers leave

(d) **Physical evidence** [5]

- Brighten up premises with light colour decorations
- Ensure all floors and surfaces are kept clean
- Clean plates and rubbish from tables as customers leave
- Ensure toilet and baby-changing facilities are checked regularly and kept clean
- Enable customers to see that food is prepared in a clean and tidy area

[Total: 20]