

UNIVERSITY OF CAMBRIDGE INTERNATIONAL EXAMINATIONS
Cambridge International Diploma Standard Level

MARK SCHEME for the October 2006 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 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.

The grade thresholds for various grades are published in the report on the examination for most IGCSE, GCE Advanced Level and Advanced Subsidiary Level syllabuses.

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

CIE is publishing the mark schemes for the October/November 2006 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 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)

1 The Sani Corporation believes that its company needs to be marketing oriented.

(a) Explain the term 'marketing culture'. [6]

Marks

Marketing culture is based around the concept that the **whole organisation** should work for the **benefit of the customer** – carrying out **research** into customer needs, both **now** and in the **future**, and **producing products and services** to meet those needs. At the same time, the organisation recognises its limitations and also works towards **goals of which profitability** may be one. (6 marks)

(b) Explain the advantages of a marketing orientation to companies. [10]

Marks

Customer needs are met
Customer loyalty is increased
Focuses the whole organisation on the customer
Gives internal customers – employees – a plan to work towards
Aids in the compilation of customer database
Helps the organisation to grow
Provides a competitive advantage
Costs of retaining customers are less than those taken to acquire new customers (8 marks)

Level 4 candidates will mention that achievement of marketing orientation is difficult and needs to be driven from the top of the organisation. (2 marks)

(c) List four marketing activities which contribute to a marketing culture in organisations. [4]

Marks

Market analysis and customer research
Segmentation and targeting
Marketing mix
Promotional mix (4 marks)

[Total: 20]

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2 Effective segmentation of the market is important if the mobile camera phones are going to be successful.

- (a) List three bases for segmenting the consumer market for mobile camera phones. [6]**

Marks

There are three main bases for the segmentation of the consumer market –

Geographic

Demographic

Psychographic

(3 marks)

Level 3 and 4 candidates will describe how each base segments the market –

Geographic – Location, country, region

Demographic – Age, gender, ethnicity, socio-economic class

Psychographic – Attitude, interest, motivation, behaviour

(3 marks)

- (b) Explain the benefits of market segmentation, using examples that might be suitable for the mobile camera phone market. [14]**

Marks

Answers to the question may vary and any genuine benefits of market segmentation should be rewarded. Some benefits of market segmentation include –

Identifying new markets

Enable specialisation of products

Gain a competitive advantage in certain segments

Identify new opportunities for specific products

A knowledge and understanding of customers

Operate more efficiently through the effective use of resources

Monitor changes in customer requirements and needs.

Level 1 and 2 candidates will identify some of the above benefits. (1 mark for each point identified).

Level 3 candidates will explain why each of the above points is a benefit. For example - A knowledge and understanding of customers helps to develop future products/communications campaigns etc. that meet their needs. (1 mark for each point expanded on).

Level 4 candidates will explain the benefits of market segmentation in the context of the question – the benefits to Sani Mobile Camera Phones. (1 further mark for each benefit in context.

(Maximum = 14 marks)

[Total: 20]

3 Your Managing Director has asked you to prepare a presentation for the staff of the marketing department who have no experience of marketing research. Produce slides with brief notes for presenting each slide.

- (a) Define the term ‘marketing research’. (1 slide) [2]**

Marks

The collection, analysis and communication of information undertaken to assist decision making in marketing.

(2 marks)

- (b) Distinguish between ‘primary research’ and ‘secondary research’. (2 slides) [6]**

Marks

Primary research is first-hand information obtained from field research such as interviews, focus groups, observation, postal, telephone and online surveys. This data is collected specifically for the purpose of the research project.

(3 marks)

Secondary research is second-hand data – Data that has been collected, collated and published for another purpose prior to the research project. Secondary research (or desk research) sources include internal records, government publications, trade journals, web sites, specialist libraries, competitors etc.

(3 marks)

This information should be put into slide format for the presentation, and each should be accompanied by an expansion/explanation of the point being made.

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(c) Outline three main methods of data collection which are used in primary research. (3 slides) [12]

Marks

Candidates should discuss three of the following methods –

- Interviews
- Observation
- Focus groups
- Postal survey
- Telephone questionnaire
- On line questionnaire

Identification of appropriate method (must be primary research) – 1 mark

Explanation of how method is used – 3 marks

X 3 methods

(Total = 12 marks)

[Total: 20]

4 The Senior Management of the Mobile Camera Phone Division wish to develop a marketing plan.

(a) Explain the following stages in the marketing planning process:

(i) **SWOT analysis**

[6]

(ii) **Setting objectives**

[6]

Marks

(i) **SWOT analysis**

Involves examining the Strengths, weaknesses,(internal) opportunities and threats (external).

Informed by Environmental Analysis (Marketing Audit)

(4 marks)

Level 4 candidates will explain that it is used to help make decisions about strategies to be

undertaken, and tactics to be used.

(2 marks)

(ii) **Setting objectives**

The marketing plan sets out what marketing wants to achieve in the form of SMART objectives.

(2 marks)

SMART – specific, measurable, achievable, relevant and timebound.

(2 marks)

Level 4 candidates may give an example relevant to the mobile camera phone market

(2 marks)

(b) Explain why this organisation should develop a marketing plan.

[8]

Marks

Candidates should identify key reasons for developing a marketing plan and expand in the context of the case study –

To become more competitive

To meet customer's changing needs

To provide a map for all employees to work to

To meet corporate and marketing objectives

(8 marks)

[Total: 20]

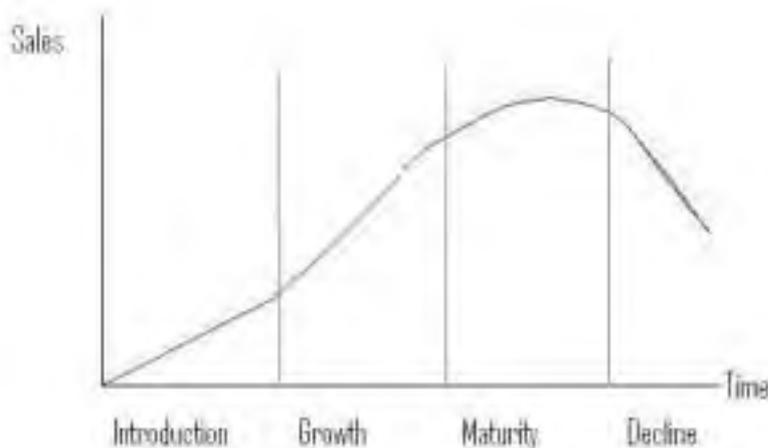
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5 The Mobile Camera Phone is a relatively new product on the market.

- (a) Draw a diagram to show your understanding of a typical 'product life cycle' for Sani Mobile Camera Phones. [6]

Marks

The Product Life Cycle (PLC) is a model which illustrates the stages that a product may go through throughout its life. The marketing mix will need to be adapted at each stage to maintain the product or service. (2 marks)



(1 mark for each stage, illustrated on the diagram = 4 marks)

- (b) Using the 4 Ps, explain how the marketing mix needs to change as the Mobile Camera Phone market moves into maturity. [8]

Marks

As the growth period slows the product life cycle enters the maturity stage. Sales of Mobile Camera Phones will slow and start to decline so profits are reduced, but still potential for strong brands. This can depend on the level of sales promotion that is required to maintain the product and prevent decline. At this stage marketers are experienced at pricing. Weaker competition is forced out as stronger products and brands survive. There is a high level of consumer knowledge so advertising may be focused on persuasion and reinforcement to enhance brand preference. There may be an increase in PR activities and sponsorship. Products may be further refined or adapted to meet changing needs if sales are to be sustained. Distribution is maximised and new channels may be found to improve product visibility and increase sales.

1 mark for each element of the marketing mix identified and how it should be changed (4 x 1 marks). Up to four marks are to be awarded when candidates provide examples of the change in the marketing mix in the context of the Sani Mobile Camera Phone (4 x 1 marks) (Total = 8 marks)

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- (c) Using the 4 Ps, explain how the marketing mix needs to change as the Mobile Camera Phone market moves into decline. [6]

Marks

Decline follows the saturation of the market. Sales and profits fall as new improved products take over from the Mobile Camera Phone.

Price may be discounted to get the last remaining sales and ship the last of the products.

Promotion may be continued to specific targeted groups or halted to reduce costs.

Distribution may be limited to cut costs.

Product deleted as customers decline rapidly.

Up to four marks are to be awarded when candidates provide examples of the change in the marketing mix. (4 x 1 marks). Level 4 candidates will express these changes in the context of the Sani Mobile Camera Phone (2 marks)

(Total = 6 marks)

[Total: 20]