

**CAMBRIDGE INTERNATIONAL EXAMINATIONS**  
Cambridge International Diploma Standard Level

## **MARK SCHEME for the October 2012 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 October 2012 series for most IGCSE, GCE Advanced Level and Advanced Subsidiary Level components and some Ordinary Level components.

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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.

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.

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.

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.

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**1 Alison and Vanessa understand the importance of marketing.**

**(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 and is the focus of all employees of an organisation.

**(b) Explain how each of the following marketing activities will contribute to the objectives of Ferdinand's Fashions:**

**(i) Segmentation [5]**

Segmentation is the division of a market into smaller groups of customers with similar needs.

It will contribute to objectives as it allows both a premium priced product (customised) to be offered to one segment and a cheaper one to be offered to another segment. They need both to achieve their objectives and meet customer needs.

(2 marks for explanation and 3 marks for valid ways it can contribute to objectives)

**(ii) Marketing planning [5]**

Marketing planning will give them a structure to work to which builds a plan on sound analysis, and also provides a road map for implementation, ensuring effective use of scarce resources.

(2 marks for explanation and 3 marks for valid ways it can contribute to objectives)

**(iii) Advertising [5]**

Advertising promotes the business widely and this is needed for a new business.

It can help achieve objectives by raising awareness, reassuring customers about quality, providing information about the business and products and services, persuading people to buy, so contributing to profit and turnover.

(2 marks for explanation and 3 marks for valid ways it can contribute to objectives)

**[Total: 20]**

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**2 Vanessa wants to carry out some marketing research.**

**(a) Define the term marketing research [3]**

Marketing research is the **process of systematic gathering**, recording and **analyzing of data** about **customers, competitors and the market.** (4 marks)

**(b) Explain three reasons why Ferdinand’s Fashions might carry out marketing research [3 x 3 = 9]**

Answers to this may vary and any acceptable methods should be given marks. The three most appropriate are:

- where to promote the business
- what competition there is locally
- what prices the market will stand

Candidates may talk generally about ‘customer needs’ – full marks should only be given when these are made specific with examples.

**(c) Explain the following research methods:**

**(i) postal surveys [4]**

Primary research method, used to gather qualitative or quantitative data, questionnaire sent out through the mail, difficult to guarantee return of survey, may need to offer an incentive, difficult to authenticate responses. (4 marks)

**(ii) desk research in government publications [4]**

Secondary research source – government statistics give economic information, spending patterns, disposable income levels, demographic trends.

**[Total: 20]**

**3 Ferdinand’s Fashions sells its products to personal consumers.**

**(a) Explain two reasons why segmentation is important. [2 x 4 = 8]**

Answers to this will vary -

- It enables more effective targeting of the marketing mix avoiding risk
- It helps save money through targeting resources

(4 marks)

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**(b) Describe the two segments that Ferdinand’s Fashions will be targeting. [2 x 6 = 12]**

Demographic segmentation involves categorising them by age, gender, family size, family life-cycle stage, income, occupation, education, ethnicity, religion or nationality. Examples from the Case Study include the fact that they are looking to target two different age and income levels.

1. Young, low-earners or students, female, fashion-conscious, want to look good but without paying a lot.
2. Older, higher income, female, want to stand out from the crowd, want to wear something unique and exclusive.

(2 mark for explanation of segmentation method, 4 marks for description = 6 marks)

**[Total: 20]**

**4 Vanessa will be writing a marketing plan.**

**(a) Explain which of the PEST factors would include the fact that there was a global recession when Alison left university. [4]**

In PEST this factor would be economic and so fall under the E. It impacted on availability of jobs, but presented an opportunity to Alison. (4 marks)

**(b) Objective – ‘To achieve sales of \$100 000 in fashion goods by the end of December 2013’.**

Explain which parts of the SMART objective stated above make it:

**(i) Specific [2]**

Specific in that it is about achieving sales of fashion goods.

**(ii) Measurable [2]**

Measurable – sales should reach \$100 000.

**(iii) Achievable [2]**

Achievable – in that it is not too stretching and they have planned.

**(iv) Relevant [2]**

Relevant – because the company is new and they are looking to achieve turnover.

**(v) Timebound [2]**

Timed – by the end of December 2013

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**(c) Explain why it is important to check the effectiveness of marketing activities. [6]**

If achievement of objectives is not checked on an ongoing basis, then it may be too late at the end of the year.

Checking which activities work and which not can avoid wastage in the future.

Financiers of a company are unlikely to invest without evidence of effectiveness.

(6 marks for an appropriate explanation)

**[Total: 20]**

**5 Vanessa has said that they will target their two audiences very differently.**

**(a) Describe the elements of the extended marketing mix 7Ps for the student/low earner target segment. [10]**

The seven elements of the marketing mix are –

Product – mass produced fashion items, cheaper fabrics

Price – value for money

Promotion – local colleges and universities, local press, entertainment magazines

Place – local retail outlet (might suggest website)

People – retail assistant

Process - retail

Physical evidence – local store, decoration – young & fun, music

(3 marks for identifying each element and 7 marks for appropriate examples)

**(b) Describe the elements of the extended marketing mix 7Ps for the older/high earner target segment. [10]**

The seven elements of the marketing mix are –

Product – customised fashion items

Price – premium price

Promotion – glossy magazines with local editions, local press, fashion shows, word of mouth

Place – fashion shows at local up-market hotels, upstairs room in retail outlet

People – personal attention from Alison

Process – design, creation of goods – will take time but that is part of positioning

Physical evidence – well-furnished, comfortable surroundings for consultation

(3 marks for identifying each element and 7 marks for appropriate examples)

**[Total: 20]**