



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

MARKETING

5164/01

Optional Module

October 2012

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.)

Ferdinand's Fashions

Alison Ferdinand started her business while she was at university. Her friends discovered that she had a creative flair for dressmaking when she still managed to have a new outfit for every event and party, even with very little money for materials.

There was a global recession when Alison and her friends finished university, and, as word about her skills spread, she decided that she would set up a business formally. She has found retail premises with a very low rent for the first six months. She has many ideas for clothes that she can make and sell. However, she thinks that she will need a business partner to deal with the day to day running of the business. 5

One of her friends at university, who was a regular customer for her clothes, completed a degree in marketing. Her name is Vanessa and she has agreed to join Alison as Marketing Director of the business. Alison is now very excited and wants to get started on creating stock for the shop. Vanessa has suggested that she takes this slowly as there are a number of research tasks that need to be carried out before they make too much stock. Vanessa thinks she has identified their target markets, but wants to check certain other factors about the marketing mix before they move forward. 10 15

Vanessa has also suggested that they carry out a marketing audit to support a marketing plan. She has told Alison that she will need to set some goals or objectives for the business and they have had a long discussion about what they both want to achieve. Finally, they have decided that, in the first year of trading, their objective will be:

To achieve sales of \$100 000¹ in fashion goods by the end of December 2013. 20

They know that this will involve targeting two different segments with different priced goods, positioned in very different ways. They will keep the 'exclusively designed for you' part of the business, and charge premium prices accordingly. They will also target a part of the market that Alison has always designed for; the student or low earner who would like to wear something different but does not have a lot of money. They will make a limited number of designs in a range of sizes using cheaper fabrics to suit this younger market. This will be the stock in the shop. 25

They will target their other audience in a very different way, as they are likely to be older, higher earners, and wanting something that no-one else has.

¹ 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 Alison and Vanessa understand the importance of marketing.
- (a) Define the term marketing. [5]
- (b) Explain how each of the following marketing activities will contribute to the objectives of Ferdinand's Fashions:
- (i) segmentation [5]
- (ii) marketing planning [5]
- (iii) advertising [5]
- [Total: 20]**
- 2 Vanessa wants to carry out some marketing research.
- (a) Define the term marketing research. [3]
- (b) Explain **three** reasons why Ferdinand's Fashions might carry out marketing research. [3 x 3 = 9]
- (c) Explain the following research methods:
- (i) postal surveys [4]
- (ii) desk research in government publications [4]
- [Total: 20]**
- 3 Ferdinand's Fashions sells its products to personal consumers.
- (a) Explain **two** reasons why segmentation is important. [2 x 4 = 8]
- (b) Describe the **two** segments that Ferdinand's Fashions will be targeting. [2 x 6 = 12]
- [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]

(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]

(ii) Measurable [2]

(iii) Achievable [2]

(iv) Relevant [2]

(v) Timebound [2]

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

[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]

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

[Total: 20]