

CAMBRIDGE INTERNATIONAL EXAMINATIONS
Cambridge Career Award in Business
Advanced Level

MARKETING

5174/01

Optional Module

May 2003

2 hours 15 minutes

Additional Materials: Answer Booklet/Paper

READ THESE INSTRUCTIONS FIRST

The time allocated for this examination includes 15 minutes reading time.
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.
You may use a calculator.

Attempt **all** tasks.
Write your answers on the separate Answer Booklet/Paper provided.
At the end of the examination, fasten all your work securely together.
The number of marks is given in brackets [] at the end of each question or part question.

This document consists of **3** printed pages and **1** blank page.



You must read the case study below and attempt all the tasks which follow.

(The following case study is fictitious)

Case Study: 'The Green Company'

'The Green Company' was set up five years ago by Krista, an ambitious entrepreneur, who saw a market opportunity to supply offices in Singapore with foliage plants for reception areas. She was joined by four members of her family who, like herself, invested heavily in the business, so the company has no borrowings.

Initially she targeted large organisations and supplied green plants to order and set up maintenance contracts whereby the plants were cared for by a member of the 'Green Team' once a week. The contract also included replacement of plants every six months, should they become too large for their surroundings, and new displays. 5

However, organisations (customers) were so enthusiastic about the service and the comments received from visitors and employees about the 'greening' of the reception areas, that the business has grown and now employs 100 people who include: 10

- a management team of five headed by Krista and the four other family members who act as sales, marketing, finance and operations directors. Krista realises that she needs to put a structure in place but is too busy planning future expansion and co-ordinating the hiring and training of new personnel 15
- a sales force of 10 individuals who cover the whole of Malaysia
- 20 'Green Teams' of two people who service all clients, including collecting plants from five local distribution centres and creating reception displays
- other members of staff at Head Office who carry out administrative duties and employees at the distribution centres 20

Plant suppliers are located mainly in the south of the country but Krista is aware that she needs to look more globally as demand is continuing to increase and will be outside the capacity of her current suppliers.

'The Green Company' is currently interviewing for the post of IT (Information Technology) Director to take the responsibility for IT support from the Marketing Director who has developed the present website using outside specialists. However, the company is keen to keep all marketing activities in-house, but not necessarily within the family. 25

Advertising is carried out on a regular basis in the business press but it has proved difficult to measure the effectiveness. Krista also persuaded the board to exhibit at the last national Office Equipment Trade Show where the company took a number of profitable orders. However, this has made Krista reflect on the huge growth of the company and the lack of coherent infrastructure. She sees the main problems as: 30

- the company has grown due to demand but it has not been co-ordinated or controlled – the result is that customer satisfaction is not measured effectively
- Krista is too involved in the day-to-day running of the business, particularly Human Resource (HR) activity 35
- no environmental analysis is carried out – the company has become reactive to demand
- no new services have been introduced – many clients have requested additional services such as displays for exhibitions and inner offices, but so far the company has not been able to research the feasibility of this 40
- communication with customers is limited

The Board is frustrated that the potential of 'The Green Company' is not being realised and plan to address this in the near future.

You must attempt ALL of the following tasks.

- 1 'The Green Company' has recognised that it is not focused on the customer.
- (a) Explain the meaning of the marketing concept. [4]
- (b) From the case study, identify and explain **four** actions the company might take to achieve a more customer-focused approach. [4 x 4 = 16]
[Total: 20]
- 2 Explain the **five-stage** process for planning a marketing research project, linking each stage to one of the issues facing 'The Green Company'. [5 x 4 = 20]
- 3 (a) Identify the **six** stages of the organisational buyer decision process. [6]
- (b) Explain why it is important to understand the organisational buyer decision process with reference to:
- (i) identifying changing customer needs [2]
- (ii) targeting communications messages more effectively [2]
[Total: 10]
- 4 Identify and explain **two** suitable groups for segmenting the market for 'The Green Company's' products. [2 x 5 = 10]
- 5 (a) Identify the **seven** stages of the marketing planning process, explaining each stage. [7 x 2 = 14]
- (b) Write a SMART marketing objective that 'The Green Company' might seek to achieve. [6]
[Total: 20]
- 6 Recommend a suitable extended marketing mix (including the 7 Ps) for 'The Green Company', explaining your recommendation for each element of the mix. [20]

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