

## UNIVERSITY OF CAMBRIDGE INTERNATIONAL EXAMINATIONS

Cambridge International Diploma Advanced Level

### MARK SCHEME for the May 2005 question paper

#### CAMBRIDGE INTERNATIONAL DIPLOMA IN BUSINESS

5174 Marketing (Optional Module), 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*.

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May 2005

**CAMBRIDGE INTERNATIONAL DIPLOMA**

**Advanced Level**

MARK SCHEME

MAXIMUM MARK: 100

PAPER: 5174

BUSINESS  
Marketing (Optional Module)



<b>Page 1</b>	<b>Mark Scheme</b>	<b>Paper</b>
	<b>CAMBRIDGE INTERNATIONAL DIPLOMA – MAY 2005</b>	<b>5174</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]

Page 2	Mark Scheme	Paper
	CAMBRIDGE INTERNATIONAL DIPLOMA – MAY 2005	5174

**1 Phonal International is product focused rather than customer focused.**

- (a) Explain the importance of achieving a marketing orientation. Use two examples of advantages that this approach would offer the company. [10]**

Marketing orientation exists when all employees in an organisation are focused on the customer, and all activities are co-ordinated to satisfy the customer and thereby achieve organisational goals. **[4 marks]**

Many examples are possible – 3 marks to be awarded for any two from the following list, suitably expanded upon:

- Phonal would know the potential for each new product before launch through marketing research and product testing
- They would be able to design an appropriate marketing mix for their target customers
- They would monitor the environment and respond appropriately
- They would monitor competitors and respond appropriately
- They could enter new markets

- (b) Explain the term ‘relationship marketing’ and how this could help Phonal International to retain customers. [10]**

Relationship marketing concerns the overall relationships an organisation has with both suppliers and customers. It seeks to achieve the goal of retaining customers through a combination of quality, customer service and marketing. **[5 marks]**

Customers are moved through a ‘ladder of loyalty’ from prospect to advocate – i.e. someone who is so satisfied with the service they receive, they actively promote the company to their friends and other contacts. **[5 marks]**

**[Total: 20]**

**2 The senior management wish to carry out research into the possible markets for their new product range. They have not had much experience of conducting any kind of research, because in the past they have relied on external agencies.**

- (a) Distinguish between ‘market research’ and ‘marketing research’. [6]**

Market research involves research about the market a company is targeting – trends, competitor activity, etc. **[3 marks]**

Marketing research is a much wider term, covering other relevant research such as pricing, advertising, packaging, new product research. **[3 marks]**

Page 3	Mark Scheme	Paper
	CAMBRIDGE INTERNATIONAL DIPLOMA – MAY 2005	5174

- (b) Evaluate the importance of carrying out marketing research for the new product range. [14]

Level 1 answers will simply identify up to three areas that research may investigate, and level 2 will identify and make an attempt to explain the following:

- The product concept
- The packaging
- Appropriate pricing
- Appropriate promotion, including media
- Suitable target segments

Level 3 answers will recognise that research takes time, is costly, and may reveal details of plans to competitors.

Level 4 answers will also recognise that it also reduces the risk of making a bad business decision, the cost of which is likely to exceed the cost of the research.

[Total: 20]

### 3 Phonal targets its new products at consumers.

- (a) Explain four key influences on potential customers' buying decisions regarding these new products. [2 x 4]

Influences on consumer buying behaviour include:

- Age
- Gender
- Level of income
- Social class
- Education
- Situational factors
- Perception
- Learning
- Motivation
- Attitude
- Culture
- Family
- Peers
- Colleagues

[2 marks for each of any four of these influences suitably explained]

- (b) Explain how Phonal might use marketing to respond to these influences. [12]

Answers to this section will depend on the answers to part (a).

3 marks to be awarded to appropriate actions Phonal might take to deal with the influences identified. E.g. Design suitable marketing mix (including product) – age, gender, social class, culture. Price appropriately for disposable income. Design promotions – perception, motivation, attitudes. Use appropriate media (technological) and exhibitions – to target opinion formers who may influence potential customers.

[Total: 20]

Page 4	Mark Scheme	Paper
	CAMBRIDGE INTERNATIONAL DIPLOMA – MAY 2005	5174

**4 As marketing planning is new to Phonal, write a memo explaining the following terms within the planning process:**

- (a) **Marketing audit** [5]  
Internal and external analysis, including PEST, competitors, marketing activity currently undertaken, sales figures, product portfolio.
- (b) **Segmentation** [5]  
The division of a market into groups of customers with similar needs so that marketing activity can be targeted effectively with less wastage
- (c) **Marketing mix** [5]  
Tactical marketing activities designed to compliment each other and meet customer needs. 4 or 7 Ps. Product, Price, Place, Promotion, People, Process and Physical Evidence.
- (d) **Control mechanisms** [5]  
Methods to measure effectiveness of activities in marketing plan.  
Can assess achievement against SMART objectives.  
May be qualitative – customer complaints, etc.  
May be quantitative – sales figures etc.

[Total: 20]

**5 Communication between Phonal and its customers is very important, particularly to maintain awareness of their products in the consumers' minds.**

- (a) **Explain what is meant by 'source', 'distortion', 'encoding' and 'decoding' within the communications process. Explain how these problems may arise.** [8]
- Source – sender of the message, or person in the advert, etc. that is communicating the message. May be inappropriate person for target market
  - Distortion – also referred to as noise – distractions from the communication – may prevent it reaching its target
  - Encoding – message is encoded by the sender into a combination of symbols, images and words – way in which it is encoded may confuse the receiver
  - Decoding – message is decoded by the receiver – their interpretation may be different to that intended by the sender

[1 mark for an explanation of each of the terms and a further mark for an explanation of how each might arise]

<b>Page 5</b>	<b>Mark Scheme</b>	<b>Paper</b>
	<b>CAMBRIDGE INTERNATIONAL DIPLOMA – MAY 2005</b>	<b>5174</b>

- (b) Discuss how television, exhibitions, press advertising and on-line methods can be combined into an integrated campaign to communicate effectively with Phonal’s customers. [12]**

Answers to this section will vary.

For level 4 marks, candidates must recognise the meaning of an integrated campaign. In their discussion, candidates should recognise the difference between integrating the tools and using them in a fragmented manner.

e.g. Integrated campaign:

TV, press advertising, website and exhibition stand must be branded the same way and use the same colours, imagery etc. **[3 marks]**

TV, press advertising, website, banner ads, e-mails to customers (who have given their permission), and staff at the exhibition must communicate the same message **[3 marks]**

Press advertising and the website and e-mails to customers (who have given their permission) should be used to communicate the fact that Phonal will be attending the exhibition. The website could show a floor plan and how to find the stand. **[3 marks]**

Characters used in communications – celebrities or cartoon characters or ‘lifestyle characters’ – should be used in all communications **[3 marks]**