

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

MARKETING

5174/01

Optional Module

May 2005

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.

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 **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]

‘Phonal International’

The mobile phone manufacturer ‘Phonal International’ plans to unveil a new range of products which can receive a picture from a mobile phone to try and promote image-sending and multimedia messaging. Their range of personal lifestyle products, which includes key rings and photo frames, is all designed around the displaying and sharing of digital pictures. One new product in the range, the ‘Locket’, is a small gold or silver container that opens to show one or two photographs and can be worn on a chain around the neck. This is a new venture for the company. 5

Mobile-phone makers and operators have been trying for a while to get users to send pictures via multimedia messaging service (MMS) and pay for the service. However the predicted high usage has not materialised. With its new products, Phonal International aims to provide the growth that mobile phones and MMS alone have yet to deliver. 10

The ‘Locket’, allows the user to wear a pendant, complete with a downloaded digital picture. Pictures can be transmitted to the Locket via infrared signals from a computer or camera-enabled mobile phone.

The Virtual Frame, is a high-tech photo frame which works as a stand-alone screen, displaying a digital picture or up to 50 pictures as a slideshow. Early models, to be launched towards the end of the year, will receive images via infrared signals. However, later ones will be able to receive pictures via MMS too. 15

Mr Lee, Senior Vice-President of Phonal International’s imaging business unit, explained that these products were non-threatening ways in which technology could be introduced to people. Even the way Phonal will sell its new line of products will be different. The Locket and Virtual Frame will be found in fashionable department stores instead of mobile-phone shops. 20

Mr Lee said, “We believe this is how technology should be brought to people. The biggest obstacle in deploying technology is the perceived complexity, and sometimes its threatening nature. We did it with mobile sound using simple, stylish and innovative devices, and now we are doing it for mobile images.” 25

You have recently been appointed as a marketing assistant for Phonal International. You report directly to the marketing manager.

You must attempt ALL of the following tasks.

- 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]
- (b) Explain the term 'relationship marketing' and how this could help Phonal International to retain customers. [10]
[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]
- (b) Evaluate the importance of carrying out marketing research for the new product range. [14]
[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]
- (b) Explain how Phonal might use marketing to respond to these influences. [12]
[Total: 20]
- 4 As marketing planning is new to Phonal, write a memo explaining the following terms within the planning process:
- (a) Marketing audit [5]
- (b) Segmentation [5]
- (c) Marketing mix [5]
- (d) Control mechanisms. [5]
[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 factors affect communication. [2 x 4]
- (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]
[Total: 20]

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