

UNIVERSITY OF CAMBRIDGE INTERNATIONAL EXAMINATIONS

Cambridge International Diploma Advanced Level

MARK SCHEME for the May 2006 question paper

CAMBRIDGE INTERNATIONAL DIPLOMA IN BUSINESS

5174

Marketing, maximum mark 100

These mark schemes are published as an aid to teachers and students, to indicate the requirements of the examination. They show 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*.

- CIE will not enter into discussion or correspondence in connection with these mark schemes.

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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. **(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)**

1 The Singapore Tourism Board has limited knowledge of the importance of customer relationships.

(a) Explain, using four examples, how recent developments in online promotional methods can help the Singapore Tourism Board to build relationships with its customers. [10]

Explanation of why building relationships with customers is important **(2 marks)**.

Developments in online promotional methods can include:

- Email
- Web sites
- E conferencing
- Mobile phones/SMS
- Interactive Digital TV

Suitable examples of each (or any relevant examples from candidates) in relation to the context of the question – Singapore Tourism board and building relationships with customer. **(2 x 4 = 8 marks)**

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(b) (i) Explain to the Singapore Tourism Board why customer care is important. [5]

Effective customer care puts the customer at the centre of the organisation, meeting their expectations and then exceeding them. It is important as organisations that care for their customers tend to:

- Grow faster than competitors
- Gain market share
- Reduce costs through the retention of existing customers
- Attract dissatisfied customers from competitors

(ii) Identify the stages of implementing a customer care programme. [5]

- Establish a process
- Identify customer requirements
- Set targets
- Establish service specifications
- Train staff
- Devise an action plan
- Measure results

2 The Singapore Tourism Board is considering the development of a market research project. Write a memo to the Board explaining what is meant by the following:

(a) marketing research [5]

Marketing research is defined as the systematic and objective identification, analysis and dissemination of information for use in marketing decision making.

It is the collection and analysis of market and customer information. The information obtained through marketing research informs marketing decisions.

(b) primary research [5]

Primary research methods obtain first-hand information from field research. Stronger candidates will offer examples of primary research methods, including:

- Interviews
- Consumer Panels
- Focus groups
- Observation
- Surveys

Level 4 candidates will identify that primary research occurs secondly in the conduction of a marketing research project.

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(c) secondary research [5]

Secondary research methods involve the collection of secondary data. Data that has already been collected, collated and published for another purpose.

- Company records
- Government publications
- Trade journals
- Competitors

Level 4 candidates will identify that secondary research occurs first when conducting a marketing research project.

(d) the process of planning a research project [5]

The stages of the planning process for the collection of information are:

- Definition of the problem
- Design of the research and sampling methods
- Collection of the data
- Analysis of the data
- Presentation of findings
- Justification of research methodology

3 It is very important that the Singapore Tourism Board knows who its customers are and understands their buying behaviour,

(a) Explain how the Singapore Tourism Board can segment its market. [8]

Candidates must identify the three key bases for segmenting the consumer market:

- Geographic
- Demographic
- Psychographic **(3 marks)**

The basis of each type of segmentation can include the following:

- Geographic – Location – country, region, city
- Demographic – Age, gender, ethnicity, socio-economic class
- Psychographic – Attitude, interests, motivation, lifestyle **(3 marks)**

Level 4 candidates will consider the segmentation needs of the Singapore Tourism Board and provide relevant examples in their answer. **(2 marks)**

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- (b) Explain to the Singapore Tourism Board why it needs to understand the buying behaviour of its target market. [6]**

It is important for the Singapore Tourism Board to understand the buying behaviour of their target market(s) in order to:

- Satisfy changing needs
- Identify new segments
- Deliver more effective communications messages
- Develop future products
- Develop future services

- (c) Explain, giving examples, three key influences on consumer buying behaviour. [6]**

The key influences on consumer buying behaviour are:

Personal issues (such as demographics and situational involvement)

Psychological (such as perception, motives, education, attitudes)

Social (such as their role, family, social class, social structure)

1 mark to be awarded for each key influence identified (3 marks). A further 3 marks may be awarded to stronger candidates who provide relevant examples of these influences.

- 4 The concept of the marketing planning process is relatively new to the Singapore Tourism Board.**

- (a) Explain what is meant by 'a marketing audit'. [10]**

The marketing audit is the first stage of the marketing planning process a contextual analysis answering the question 'where are we now?'. An internal and external analysis of the current organisational situation:

- identifying PEST factors (Political, Economic, Social, Technological)
- competitors
- marketing activity currently undertaken
- sales figures
- product portfolio (product life cycles).

The Marketing Audit is summarised by the SWOT Analysis. The information obtained from the SWOT analysis is used to develop relevant/appropriate objectives and strategies.

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- (b) Explain how analysis of the external environment (PEST factors) would help the Singapore Tourism Board develop its marketing plan. Use examples to illustrate your answer. [10]**

Answers to this question will vary. However candidates are expected to identify that the external environment is analysed using the PEST framework.

This allows the organisation to identify their current situation and take appropriate action such as setting relevant objectives, developing strategies and tactics, segmenting the market and developing actions for implementation.

For Level 4 marks candidates should offer examples of PEST factors relevant to the marketing environment of the Singapore Tourism Board.

Level 3 candidates will offer examples of PEST factors but not in the context of the Singapore Tourism Board.

- 5 The service provided by the Singapore Tourism Board before its customers embark on their holiday or business trip to Singapore is often neglected.**

- (a) Discuss the importance to the Singapore Tourism Board of the three additional components in the extended marketing mix when communicating with customers. Use examples to illustrate your answer. [12]**

The three additional elements of the extended marketing mix are People, Physical Evidence and Process.

People – training, uniform, customer care

Physical Evidence – ambience, signage, logo, image (brand),

Process – customer-focused systems

Level 4 candidates will discuss the importance of the above elements of the service marketing mix in relation to the Singapore Tourism Board. For example good telephone communications, email communications, brochures and websites to add positive tangible elements to the service before the customer travels to Singapore.

- (b) Explain the benefits of branding for the Singapore Tourism Board when promoting Singapore. [8]**

A strong brand identity encourages customers to develop a positive attitude towards the service and a desire to be associated with the brand. Developing a successful brand identity will benefit the Singapore Tourism Board as their service will be:

Easily recognisable

Associated with high quality

A strong brand identity also leads to the:

Development of customer loyalty

Development of customer preference

Level 4 candidates will note that a successful brand identity is developed and communicated through a logo, specific design and colour scheme, a trademark and a brand name. Having a strong brand identity, associated with high quality, means there is a lower perceived risk in customer buying decision making process.