

UNIVERSITY OF CAMBRIDGE INTERNATIONAL EXAMINATIONS
Cambridge International Diploma Advanced Level

MARK SCHEME for the May 2007 question paper

CAMBRIDGE INTERNATIONAL DIPLOMA IN BUSINESS

5174 Marketing, Maximum mark 100

This mark scheme is published as an aid to teachers and candidates, to indicate the requirements of the examination. It shows the basis on which Examiners were instructed to award marks. It does not indicate the details of the discussions that took place at an Examiners' meeting before marking began.

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 discussions or correspondence in connection with these mark schemes.

CIE is publishing the mark schemes for the May/June 2007 question papers for most IGCSE, GCE Advanced Level and Advanced Subsidiary Level syllabuses and some Ordinary Level syllabuses.

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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]

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]

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]

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]

1 The management appointed to launch the new 'dhabas' in India have limited marketing knowledge.

(a) Explain, using five examples, how marketing can help Confidence Industries when launching their new 'dhabas'. [10]

Marks

Many examples are possible. Up to 5 marks can be awarded for any five of the following. Marketing is important as it can help the organisation:

- Achieve corporate objectives
- Understand the increasing sophistication of consumers
- Identify, anticipate, influence and satisfy consumer needs
- Respond to changes in the market
- Improve market share
- Enter new markets
- Increase revenue
- Maximise profits
- Increase awareness and profile of the company
- Increase awareness of the product or service

[5]

5 further marks to be awarded for examples discussed in context to Confidence Industries and the 'dhabas'. [5]

(b) Explain how the adoption of a customer oriented approach will benefit Confidence Industries and their new 'dhabas'. [10]

Marks

A customer orientation benefits an organisation as it enables them to:

- Identify and define customer requirements
- Place the customer 'central' to all personnel and functions within the organisation
- Work to meet customer needs and wants
- Measure effectiveness of activities

It will also require a major organisational (internal) restructuring in order to achieve customer orientation objectives, which requires commitment from all levels within the organisation. [5]

These points should be discussed in the context of Confidence Industries and their 'dhabas'. [5]

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2 **Confidence Industries** are planning to conduct a market research project into understanding the behaviour of their potential customers at the 'Revive Plazas'. You have been asked to draft a brief report for the Senior Management that includes the following sections.

(a) **List the stages involved in planning a marketing research project.** [5]

Marks

Candidates need to identify each stage of the five stage process:

- Defining the problem
- Design of research and sampling
- Collection of data
- Analysis of data
- Presentation of report findings

One mark to be awarded for each stage.

(b) **Identify and justify two suitable secondary research sources for this marketing research project.** [6]

Marks

Candidates may identify a number of different secondary research methods, including:

- Company records
- Agencies
- Government bodies
- Trade associations
- Media
- Libraries
- Internet
- Market intelligence reports
- Trade journals

[2]

Candidates need to justify why they have selected the two secondary research methods in the context of Confidence Industries and the 'dhabas', that is what information they will acquire and its relevance. [4]

(c) **Identify and justify three suitable primary research methods for this marketing research project.** [9]

Marks

Candidates may identify a number of different primary research methods, including:

- Depth interviews
- Observation
- Attitude surveys
- Focus groups
- Consumer panels
- Postal surveys
- Telephone questionnaires
- Test marketing

[3]

Candidates need to justify why they have selected the three primary research methods in the context of Confidence Industries and the 'dhabas', that is what information they will acquire and its relevance. [6]

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3 Confidence Industries has some idea of the potential customers for their new ‘dhabas’ but this is limited to long distance truck and bus drivers and passengers.

(a) Identify the bases that Confidence Industries will use to segment the potential market for customers who will use the ‘dhabas’, including both the ‘Number 1 Plazas’ and the ‘Revive Plazas’. [10]

Marks

In order to identify target market segments the candidate will use consumer bases:

- Geographic (location)
- Demographic (age, gender, ethnicity, class)
- Psychographic (attitude, lifestyle, interest)
- Benefit (from service)(up to 6 marks)

Once the relevant bases are identified the candidate is expected to discuss the differences between the target segment for the Number 1 Plazas (older age group, male dominant, ‘longer stop’, etc.) and Revive Plazas (families, young professionals, ‘quick stop’, etc.). [4]

(b) Identify and explain *five* reasons for market segmentation. [10]

Marks

Main reasons for segmenting the market:

- Identify new markets
- Specialisation
- Gaining competitive advantage
- ‘Niche’ marketing
- Reduced costs
- Increased marketing efficiency [up to 5 marks]

Candidates should then explain the meaning of each of the reasons for marketing segmentation; including potential benefits. [up to 5 marks]

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4 As the Senior Management have limited knowledge of the marketing concept you have been asked to prepare a memo that includes the following information –

(a) Identify and explain the stages of the marketing planning process. [14]

Marks

There are seven stages in the marketing planning process:

(Some candidates may suggest more stages but these will include the following and should be rewarded accordingly)

- Marketing audit
- SWOT analysis
- Setting objectives
- Segmenting the market
- Developing marketing strategy
- Developing the marketing mix
- Measurement and control [7]

Candidates are expected to identify all seven stages and provide a brief explanation of what occurs at each stage:

- Marketing audit – Identify external (PEST) and internal factors, current product life cycles
- SWOT analysis – Strengths, weaknesses, opportunities and threats – summarising the marketing audit
- Setting objectives – should be SMART (specific, measurable, achievable, realistic and time-bound)
- Segmenting the market – identify target market
- Developing marketing strategy – Use of Ansoff's Matrix of Porter's three generic strategies
- Developing the marketing mix – using the seven P's (product, price, place, promotion, people, process, physical evidence)
- Measurement and control – against SMART objective to analyse performance [7]

(b) Identify *three* strategic implications related to effective marketing planning. [6]

Marks

When deciding on the most effective marketing strategy the implications to planning are:

- Customer satisfaction
- Cost efficiency
- Competitive advantage
- Effective targeting
- Long-term, medium and short-term planning

Mark for each of any 3 of the above [3]

Level 3 and 4 candidates will discuss why these implications need to be considered. [3]

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- 5 (a) Explain, using appropriate examples, how the additional 3Ps of the extended marketing mix are important to Confidence Industries and their ‘dhabas’.** [6]

Marks

The three additional elements of the extended marketing mix are People, Physical Evidence and Process. [1]

Candidates are expected to discuss that due to the characteristics of services i.e. services are:

Intangible

Inseparable

Heterogeneous

Perishable

Lack of ownership [1]

People – training, uniform, customer care

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

Process – customer-focused systems [3]

Level 4 candidates will discuss the importance of the above elements of the service marketing mix in relation to the ‘dhabas’. For example good service manner behind counters, clean environments, employees in smart uniforms and extras such as plants, comfortable seats, etc. to add positive tangible elements to the service of using the ‘dhabas’. [1]

- (b) Suggest an appropriate marketing mix for the ‘Revive Plazas’ that are currently in the introduction stage of their Product Life Cycle.** [14]

Marks

Many examples are possible. Up to seven marks are to be awarded for identifying the seven elements of the marketing mix. A further seven marks are to awarded for suggesting an appropriate marketing mix in the context of the question (Confidence Industries, ‘dhabas’, new service in introduction stage of the PLC). For example:

- Product – new service, the ‘dhaba’ chain
- Price – may consider price skimming or penetration pricing in order to successfully introduce the service
- Place – limited by the location of major roads
- Promotion – outline suitable promotional mix for a new service, outdoor advertising by roads, radio advertising
- People – well trained, providing good service and customer care
- Process – easy to find, park and make purchases
- Physical Evidence – clean, well-designed (layout), strong logo, clean uniforms, etc. [14]