



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

MARKETING

5174/01

Optional Module

May 2008

2 hours plus 15 minutes reading time

Additional Materials: Answer Booklet/Paper

READ THESE INSTRUCTIONS FIRST

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 and attempt all the tasks which follow.

(The following case study is fictitious.)

ENDICO TECHNOLOGY

EndiCo Technology have made industrial valves since 1981: they make many different types of valves including pressure reducing valves and manual valves. Their valves can be used in the control of the flow of air, water, gas and petroleum and so they deal with many different industries including pharmaceuticals, aerospace, and chemicals. Based in Zhejiang Province in mainland China, they sell very successfully to companies all over the world. 5

The company has a research and development (R & D) department but they do not have a marketing department and are currently product oriented. In fact, they have an international sales force which has so far been very effective, but do no other marketing. However, Jon Hu, the Managing Director (MD) of EndiCo recently received a worrying phone call. The call was from Asif Yezid, the MD of MEAS, one of their main customers. Asif has been the head of MEAS for 10 years and has become a good friend to Jon Hu. 10

The telephone conversation went as follows:

Asif - 'Hello Jon, how are you? Good to speak to you again.'

Jon - 'Hello, Asif. It is good to hear from you. What can I do for you today?'

Asif - 'Ah, Jon, you know me too well. I am sorry to be calling with a problem. We've carried on for a few weeks hoping that things would get better, but unfortunately they seem to be getting worse. I thought I had better let you know or you might start to lose customers.' 15

Jon - 'That sounds serious. What's been happening?'

Asif - 'Well, it has been several things I'm afraid. It started with last month's order. More than half of it had to be returned. We had a problem with the quality of the gas valves in three out of five batches. We also had two boxes of pneumatic valves delivered in error and then we were charged for them, in spite of being told by your Customer Service team that it would be put right. When Jeni from our Finance Department contacted your Accounts team they were not very helpful. You know that she plays a large part in the selection of our suppliers and this has not made a good impression on her. 20

Abdul, our Production Manager is also very unhappy about the quality matter. We were relying on that delivery and it meant that two of our orders went out to customers late. Unfortunately, that was not the worst of it. Your sales manager was due to come and meet Andreas from our Research and Development department this morning to talk about some new style valves we may need for our new aircraft engines. He telephoned about half an hour after he was due to arrive to explain that he would be late and he was very rude to Alana, our Receptionist. She was quite upset and complained to Andreas when she passed on the message. Needless to say, Andreas was not happy with the late arrival anyway, and only had 10 minutes to talk to your sales manager before Andreas had to leave for another meeting.' 25

Jon - 'I'm really sorry Asif, I don't know what to say. I will of course follow up on all the issues you have raised. I can only apologise. You know how important you are to us as a client....' 35

Asif - 'I think you may need to do more than apologise Jon. You know that your competitor E-valves has approached us again recently trying to win our business. The MD there has arranged to bring in their Marketing Manager and two individuals from their R & D team next month. Their public relations coverage has been very good and there has been a lot of talk about them in the factory here.' 40

After Jon had put down the telephone he started to make a list of the issues he needed to follow up, but the big issue on his mind was the competitive nature of the market place. He really needed to think about marketing.

You must attempt ALL of the following tasks.

- 1 (a) EndiCo are product oriented. Explain the difference between product orientation and market orientation. [5]
- (b) The Managing Director has authorised the recruitment of five new people to form a new Marketing Department. Recommend job titles for these five individuals and explain briefly what each person would do. [5 x 3 = 15]
[Total: 20]
- 2 (a) List the **five** stages involved in a marketing research project, explaining briefly what EndiCo might do at each stage. [10]
- (b) From the information given in the case study, explain **one** reason why EndiCo might carry out an ad-hoc (one-off) research project and describe how the information would be used. [10]
[Total: 20]
- 3 EndiCo sells its goods to other organisations, that is to say it operates in a business-to-business environment.
- (a) List the **five** roles in an organisation's buying decision making unit (DMU). [5]
- (b) (i) From the case study, identify who in MEAS (the major client of EndiCo) plays each of these roles in the decision making unit (DMU). [5]
- (ii) Identify the key influences on **each** of these individuals in the decision making unit (DMU) at MEAS. Explain how marketing can be used to influence **each** of the individuals involved. [10]
[Total: 20]
- 4 (a) State:
- (i) a SMART strategic objective for EndiCo (for example in terms of growth); [5]
- (ii) a SMART objective for EndiCo in respect of their customer MEAS. [5]
- (b) Use a diagram to explain Ansoff's matrix and show how it might be useful to EndiCo. [10]
[Total: 20]
- 5 EndiCo is in a very competitive market place and the new marketing department has a lot of work to do in order for the business to survive.
- (a) The new marketing department will be developing a new product as a result of research carried out with current customers. Explain the **seven** stages of the New Product Development process. [14]
- (b) Explain **two** ways in which the **people** element of the marketing mix could be improved in EndiCo. [2 x 3 = 6]
[Total: 20]

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