

UNIVERSITY OF CAMBRIDGE INTERNATIONAL EXAMINATIONS
Cambridge International Diploma Advanced Level

MARK SCHEME for the May 2009 question paper
for the guidance of teachers

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, which would have considered the acceptability of alternative answers.

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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 Han's Deliveries offers a service and not a tangible product. Make notes about the following points, which will help Mohamed put together his marketing plan.

(a) Explain *five* key differences between products and services. [10]

The key differences between services and products are that services are:
 intangible
 inseparable
 perishable
 variable
 cannot be owned
 (2 marks for each difference, suitably explained)

(b) Explain *two* benefits that relationship marketing could offer the company. [2 × 5 = 10]

Relationship marketing emphasises building long term relationships with customers by focusing on their current and future needs and building loyalty.
 Answers to this question will vary. However, candidates should identify that marketing has two of the following benefits explaining each one clearly:

- maintain positive word of mouth promotion given by current customers
- current customers probably work for the businesses that are now being targeted, so reputation will help them penetrate the new market
- keeping loyal customers should maintain a steady flow of business and help cash flow

(Any 2 benefits, fully explained 2 × 5 = 10 marks)

[Total: 20]

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2 Mohamed needs to carry out market research before he puts together the marketing plan.

- (a) List the *five* stages involved in a marketing research project, explaining what Mohamed might do at each stage. [5 × 2 = 10]**

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

- setting objectives
- select sources of information
- collection of the data
- analysis of the data
- drawing conclusions [5]

Candidates are also asked to explain, briefly, what happens at each stage:

- reasons for research – what does the organisation need to know
- should primary or secondary research be used, suitability and cost
- sample size
- analyse data to obtain useful information
- use information to inform marketing decisions [5]

- (b) Mohamed has decided to carry out some primary research with businesses in the local area to establish whether they have a need for a delivery service and what their expectations would be of such a service.**

Recommend *one* primary research method that could be used for this purpose and justify your recommendation. [10]

Primary research methods obtain first-hand information for a specific purpose and is often referred to as field research.

Candidates should offer **one** example of a primary research method that could be used by Mohamed from the following, explain it and justify it in the context of the case. The most suitable method might be depth interviews of a few large businesses, although any logical suggestion can be accepted.

Primary research methods:

- interviews
- focus groups
- observation
- surveys

(5 marks for identification of a suitable primary research method and an explanation, 5 marks for justification for the business to business market)

[Total: 20]

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3 Mohamed would like to target the business-to-business market.

(a) Define the term 'segmentation'. [2]

Segmentation is the **division of markets into groups of customers with similar needs** to enable more **effective targeting of marketing** activities. [2]

(b) Explain *four* key methods that can be used to segment business markets. [4 × 4 = 16]

Four key bases for segmenting the business market:

- geographic
 - demographic
 - purchasing behaviour
 - usage
- [4]

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

- geographic – location – country, region, city
 - demographic – age, size – no. of employees, size – turnover
 - purchasing behaviour – preferred supplier, formal DMU, tender
 - usage – rate of usage, what they use product/service for
- (3 marks for each base.) [3 × 4 = 12]

[16]

(c) Recommend *one* of the methods in (b) above for Mohamed to use, and state your reason for recommending this method. [2]

Candidates may choose any segmentation base providing it is justified in terms of the facts in the case study. Most likely would be geographic – location (because of the size of the company), or usage – what type of deliveries are needed. [2]

[Total: 20]

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4 Mohamed is preparing a marketing plan for Han's Deliveries for the coming year.

Using your own examples, explain why it is important for Mohamed to gather information about: **[4 × 5 = 20]**

(a) the external environment

Candidates should explain:

- PEST or PESTEL factors are outside the control of the company
- they provide opportunities for organisation to take advantage of
- they provide threats to the organisation for them to deal with
- the environment also impacts on their competitors

(3 marks for explanation, 2 marks for examples)

(b) competitor activity

Candidates should explain:

- Han's is a small firm and it would be unwise to tackle a large competitor 'head on'
- understanding what they do may allow Han's to exploit a niche market

(3 marks for explanation, 2 marks for examples)

(c) why current customers choose Han's Deliveries

Candidates should explain:

- by understanding why current customers use them they can look at their strengths with a view to building a new proposition for the new market

(3 marks for explanation, 2 marks for examples)

(d) how the needs of a business customer might differ from the needs of the consumer

Candidates should explain:

- it is important to understand the actual needs of a potential market or they could be offering a service for which there is no demand
- research is necessary to make sure that decisions are less risky
- it can avoid making costly mistakes

(3 marks for explanation, 2 marks for examples)

[Total: 20]

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- 5 (a) Outline a marketing mix (7Ps) with a description of *each* element in relation to Han's Deliveries new business-to-business market. [7 × 2 = 14]

The 7 Ps of the expanded marketing mix are:

- Product
- Price
- Promotion
- Place
- People
- Process
- Physical Evidence

(3 marks for identifying each element and 4 marks for generic examples.) [7]

Level 3 and 4 candidates will describe each element in the context of the case study:

- Product – the delivery service – its reputation for reliability
- Price – pricing strategies for entry to a new market which will be prepared to pay for a quality service
- Promotion – Use of the promotional mix to communicate with customers – provision of literature to leave on site, website, advertising through flyers and directories
- Place – direct channel – local area only
- People – if they expand the team who interact with customers; it is important that the polite and friendly image is maintained
- Process – ease in which customers can book collections, make payments etc.
- Physical evidence – website and vehicles, plus the appearance of the drivers

(Up to 7 marks can be awarded.) [7]

- (b) Explain the importance of the 'people' element of the marketing mix to the delivery service, using examples from the case study. [3 × 2 = 6]

Han's has a good reputation and this comes from Han and his two sons. Services are produced and 'consumed' at the same time and the employee becomes part of the service as they are involved in its delivery. [3]

Examples from the case are:

honest
reliable
polite
really care

[3]

[Total: 20]