

UNIVERSITY OF CAMBRIDGE INTERNATIONAL EXAMINATIONS
Cambridge International Diploma Advanced Level

MARK SCHEME for the May 2011 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.

Mark schemes must be read in conjunction with the question papers and the report on the examination.

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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)

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1 PDS is customer focused.

- (a) Explain, using examples from the Case Study, the meaning of the term customer focused. [10]**

Customer focused means that the whole of the organisation's activities are focused on the customer. Examples from the Case Study include:

- they carried out marketing research
- that they identified customers' changing needs
- they segmented customers
- they re-developed products to meet their customers' needs.

(10 marks)

- (b) Explain two key responsibilities of the marketing department and how each contributes to the PDS's objectives. [2 × 5 = 10]**

Answers to this question will vary. However, candidates should identify two **key** responsibilities to gain marks:

Marketing planning

Identifying, anticipating and satisfying customer needs

- Market research – to identify customers' changing needs
- Growing market share
- Entering new markets
- Increasing profits
- Increasing awareness of company, products, brands

[Two key responsibilities = 2 marks, with explanations = 2 x 2 marks and links to PDS = 2 x 2 = 10 marks]

[Total: 20]

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2 PDS recognise the importance of marketing research.

- (a) Explain two key topics that still need to be investigated before putting together a marketing plan. [2 × 5 = 10]**

Examples will vary but should focus on customers, competitors or the market and link to PDS and their marketing plan for new products.

(2 × 3 for issue and explanation + 2 × 2 for link to Case = 2 × 5 marks)

- (b) Explain the five stages of the marketing research process, using the example of the identification of suitable promotional media for PDS's new product range. [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 and reporting

(5 marks)

- To identify suitable media to promote new product range
- Secondary sources – what publications are available
- Primary research – what publications are read by target audience
- Either use agency to survey customers or develop questionnaires to send to customers
- Analyse data gathered for trends and useful information
- Decide on which media are best for communications plan

(5 marks)

[Total: 20]

3 (a) Explain the term 'segmentation'. [4]

Segmentation is – the **division of markets** into **groups of customers** with **similar needs** to enable more **effective targeting of marketing** activities (4 marks)

(b) Explain the segmentation method PDS has used to develop its new products. [4]

PDS has used needs based segmentation for its new products. It has looked at customer needs (speed and price) and developed products based on these needs. (4 marks)

(c) Explain the six stages of the organisational buyer decision making process using an example from the case study to illustrate each stage. [6 × 2 = 12]

Using example of online retailer:

Problem recognition	Online retailer needs to get goods to its customers and offer them options for delivery	2 marks
Develop product specifications	Develops a list of requirements for delivery services linked to prices their customers will pay and based on research into their needs	2 marks
Search for suppliers	Shortlist suppliers of delivery services	2 marks
Evaluate product and suppliers against specification	Match suppliers and services to company needs	2 marks
Select and order	Select PDS and arrange service contracts	2 marks
Evaluate performance of product and supplier	Review after 1 month, 3 months and 12 months to ensure correct decision and arrangement still meeting customer needs	2 marks

(6 marks for stages and 6 for illustration using example from the Case)

[Total: 20]

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4 PDS will prepare a marketing plan for the new range of products.

(a) Explain the purpose of a marketing audit giving two examples from the case study.

[2 × 4 = 8]

A marketing audit looks at external factors (PEST) and internal factors (current activities, product life cycles and sales figures) to develop a SWOT analysis and inform objectives and activities for the next planning cycle. (4 marks)

Examples from the Case Study include:

Changing customer needs identified

More competitors identified

Developments in technology (T in PEST) have led to growth in online shopping

(2 marks for each of 2 appropriate examples = 4 marks)

(b) Explain the following elements of the marketing mix as they will be used to launch the new range of products:

(i) Promotion

[4]

Promotional mix includes advertising, PR, sales promotion, personal selling and direct marketing.

New range of products will be launched through trade shows, direct marketing to existing customers, personal selling to important/valuable existing customers, PR in relevant publications and PDS website. (4 marks)

(ii) People

[4]

PDS employees all need to be trained in the new services to be offered and either how to sell these or how to deliver the necessary service. The external communications plan should also be communicated internally to employees. (4 marks)

(iii) Process

[4]

Customer focused systems should be in place to ensure that the service paid for is delivered consistently. There should be customer complaint systems and opportunities for customer feedback and queries. This is particularly important with the speedier service where a premium high price is paid.

[Total: 20]

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- 5 (a) Identify all elements of the extended marketing mix and the consequences of not coordinating all those elements of the marketing mix for the launch of PDS's new product range. [10]

The seven Ps of the expanded marketing mix are:

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

(4 marks for identifying all elements)

If elements of the mix are not integrated (working together) then it may cause confusion for customers and stop them purchasing instead of the opposite.

For example a quality product will be perceived as low quality if its price is too low and it is promoted in the wrong media and outlets.

All elements need to contribute to the positioning of the product and how it is perceived in customers' minds. (6 marks)

- (b) Explain two pricing policies that PDS are using for its new product range. [2 × 5 = 10]

The guaranteed next day delivery service uses a premium pricing or market skimming pricing policy – this is a high price and contributes to profits quickly, helping achieve return on investment more quickly as well. (5 marks)

Delivery in 5–7 days is a lower range price or market penetration pricing policy. This not only matches the level of service offered but should achieve good market share quickly. (5 marks)

[Total: 20]