



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

**MARKETING**

**5174/01**

Optional Module

**May 2013**

**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.

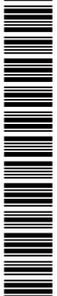
Start each task on a new piece of paper.

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.

\* 9 4 2 2 5 6 4 1 4 1 \*



This document consists of **3** printed pages and **1** blank page..



**You must read the case study below and attempt ALL the tasks which follow.**

(This case study is fictitious.)

### **Northeast Chemicals**

Northeast has been in the chemical industry since 1981: it makes speciality silicones for niche markets. Its products can be used in many different industries including automotive, solar, moulding and electronics. Based in Guandong Province in mainland China, it sells very successfully to companies all over the world. It prides itself on its innovative production techniques and the level of service it offers. 5

Although the company has a research and development (R & D) department, it does not have a marketing department and is currently product-oriented. In fact, it has an international sales force which has so far been very effective, but does no other marketing. However, Jo Hu, the Managing Director (MD) recently received a phone call from the Managing Director of his main customer, PENTOS, which gave him cause for concern. Aakar Sharma has been the head of PENTOS for the last 10 years and has become a good friend. 10

The telephone conversation went as follows:

Aakar - 'Hello Jo, how are you, good to speak to you again.'

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

Aakar - 'Ah, Jo, 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

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

Aakar - '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 chemicals in three out of five batches. We also had two tanks of silicones 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 our selection of suppliers and this has not made a good impression with 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 R & D department this morning to talk about some new chemicals we may need to use in a big order we are working on. 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 he left for another meeting.' 25

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

Aakar - 'I think you may need to do more than apologise Jo. You know that your competitor Basalt Chemicals has approached us again recently trying to win our business. Their M.D. 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 Jo put down the telephone, he started to make a list of 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.**

**Where appropriate use information from the case study to support your answer.**

- 1 (a) Northeast is a product-oriented company. Explain the difference between product orientation and market orientation. [5]
- (b) The Managing Director has authorised the setting up of a new Marketing Department. Explain **three** activities that the marketing team will be responsible for. [3 x 5 = 15]
- [Total: 20]**
- 2 (a) List the **five** stages involved in a marketing research project, explaining briefly what Northeast might do at each stage. [5 x 2 = 10]
- (b) From the information given in the case study, explain **one** reason why Northeast might carry out an ad-hoc research project, and describe how the findings of this project would be used. [10]
- [Total: 20]**
- 3 Northeast sells its goods to other organisations. In other words, it operates in a business-to-business environment.
- (a) List the **five** roles in an organisation's buying decision making unit (DMU). [5 x 1 = 5]
- (b) (i) From the case study, identify who in PENTOS (the major client of Northeast) plays each of the five roles in the decision making unit (DMU). [5]
- (ii) Identify the key influences on **each** of these individuals when making buying decisions, and explain how these influences might be dealt with through marketing. [5 x 2 = 10]
- [Total: 20]**
- 4 (a) State:
- (i) a SMART strategic objective for Northeast (for example in terms of growth). [5]
- (ii) a SMART objective for Northeast in respect of PENTOS. [5]
- (b) Use a diagram to explain Ansoff's matrix, and show how it might be useful to Northeast. [10]
- [Total: 20]**
- 5 Northeast is in a very competitive market place, and the new marketing department has a lot of work to do in order 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 stages of the New Product Development process. [7 x 2 = 14]
- (b) Explain **two** ways in which the **people** element of the marketing mix could be improved in Northeast. [2 x 3 = 6]
- [Total: 20]**

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