



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

MARKETING

5174/01

Optional Module

May 2011

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 below and attempt ALL of the tasks which follow.
(This case study is fictitious.)

PARCEL DELIVERY SERVICES (PDS)

Parcel Delivery Services (PDS) is a leading provider of express deliveries and has achieved this status by developing a new range of services that offer a guaranteed delivery within a defined number of days (for example, guaranteed next day delivery, guaranteed delivery within 2-4 days, delivery within 5-7 days). It has very efficient systems in place to ensure that its promises to customers are met. 5

Over the last few years PDS has had to respond to a few major changes in the marketing environment:

- Customer surveys showed changing needs and identified a need to improve international services.
- The number of competitors across the world has increased and so a more focused and segmented approach is needed in order to differentiate from the competition. 10
- Developments in technology and improved customer confidence in buying online has led to an increase in the need for specialised services for companies relying on volume deliveries to customers on a regular basis.

PDS has identified three markets that are attractive to them. These are 15

- 1 Business-to-business, where goods are sent from one organisation to another business. This market will need a fairly regular service, for example it may be the supply of components for a manufacturer.
- 2 Business-to-consumer, where goods are sent from businesses to customers, for example, online retailers to individual consumers. 20
- 3 Consumer-to-consumer, where goods are sent by one individual to another individual.

Having identified these markets PDS carried out customer research within each to identify what was important to its customers. The one key finding of the research was that it had previously made incorrect assumptions about price. For example, in market 2 what was really important was that PDS satisfied the needs of its customers' customers. The differences between these needs were based on the urgency for the goods that were being delivered. 25

PDS decided that it needed to develop a new range of products and, at the concept testing stage of the process, it held focus groups with representatives of each market. In all cases it became evident that, depending on the urgency of the delivery, the price of the service became more or less important. 30

The new products introduced are:

Guaranteed next day delivery – premium price
 Guaranteed delivery in 2-4 days – mid range price
 Delivery in 5-7 days – lower range price
 (Prices vary by the size and weight of the parcel within each range). 35

PDS now need to decide on other marketing activities to launch their new range of services into each market.

You must attempt ALL of the following tasks.

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

- 1 PDS is customer focused.
- (a) Explain, using examples from the case study, the meaning of the term customer focused. [10]
- (b) Explain **two** key responsibilities of the marketing department and how **each** contributes to PDS's objectives. [2 x 5 = 10]
[Total: 20]
- 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 x 5 = 10]
- (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 x 2 = 10]
[Total: 20]
- 3 (a) Explain the meaning of the term segmentation. [4]
- (b) Explain the segmentation method PDS has used when developing its new products. [4]
- (c) Explain the **six** stages of the organisational buyer decision making process using an example from the case study to illustrate each stage. [6 x 2 = 12]
[Total: 20]
- 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 x 4 = 8]
- (b) Explain the following elements of the marketing mix as they will be used to launch the new range of products:
- (i) Promotion [4]
- (ii) People [4]
- (iii) Process [4]
- [Total: 20]**
- 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]
- (b) Explain **two** pricing policies that PDS are using for its new product range. [2 x 5 = 10]
[Total: 20]

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