

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

MARKETING

5174/01

Optional Module

October 2004

2 hours 15 minutes

Additional Materials: Answer Booklet/Paper

READ THESE INSTRUCTIONS FIRST

The time allocated for this examination includes 15 minutes reading time.
Write your Centre number, candidate number and name on all the work you hand in.
Write in dark blue or black pen on both sides of the paper.
You may use a soft pencil for any diagrams, graphs, music 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 the tasks which follow.

[The following case study is fictitious]

THE LAST PRAWN FARM

PlusCo Ventures manages the last surviving prawn farm in Singapore. The farm is expanding by setting up Singapore's first commercial fish breeding facility (hatchery). Due to the increasingly competitive market, as well as the lack of coastal land available, all the other prawn farms closed down over a thirty-year period, but through diversification, the last prawn farm is going from strength to strength. 5

Larry Rosdi, the managing director of PlusCo, helped to identify a gap in the hatchery industry. Farmers from Singapore buy the baby fish from Taiwan and Thailand. However, from November to April it is too cold for Taiwanese fish to lay eggs. Larry identified that the climate in Singapore is ideal all year round, and the prawn farm could be used to produce these baby fish. Working with agriculture and veterinary experts, extensive research was carried out and this enabled the successful venture into hatchery, as well as the continuing prawn farming. They have both the right technology and the right expertise to succeed. 10

Local farmers are excited by the prospect of a hatchery in their area, as the baby fish they usually import from Taiwan and Thailand can be hard to rear into healthy fish, due to the difference in seawater. Out of the six million baby fish PlusCo Ventures hopes to produce for each type of fish, the demand from local farmers is only one million. The rest are to be exported to neighbouring countries such as Malaysia and Indonesia. 15

With PlusCo's diversification proving to be a success, Larry faces his next challenge. Every year the prawn farm produces an 80 tonne harvest and approximately 20 per cent of this is exported. Most of its large prawns are sold to the local market. The problem is that there are some prawns that are so small the market will not buy them. His solution is inspired by a new system of vacuum packing which was implemented during the company's diversification into hatchery. 20

As Larry is well aware, the Singaporeans are big consumers of prawns. In 2001 over 20,000 tonnes of prawns were consumed, at a value of US\$142.6 million. By adapting the vacuum packing technique, Larry intends to produce a snack food from the small un-sellable prawns. He hopes that they will sell at between 2 and 3 US\$ for a 40gram packet. His only concerns now are where, and how, to market this new prawn snack. 25

You have been appointed as marketing adviser to PlusCo for the company's new venture.

You must attempt ALL of the following tasks.

- 1 Larry has decided that, in order to market their new product effectively, PlusCo will need to set up a new marketing department. He has asked you to provide the following information to help him present this idea to the other Directors. Write a memo that:
- (a) sets out **four** key benefits of setting up a marketing department [4 x 2]
- (b) identifies and explains **four** key functions that will be carried out by the marketing department [4 x 3]
[Total: 20]
- 2 (a) Explain the difference between continuous and ad-hoc marketing research. [2 x 3]
- (b) Using the information in the Case Study, give **one** example of how PlusCo might use the following, and explain the method that might be used:
- (i) continuous research data collection
- (ii) ad-hoc research data collection [2 x 7]
[Total: 20]
- 3 PlusCo has decided that its new snack will directly compete with peanuts and other small savoury snacks. Recommend **one** target market for the new product, describing this target market in demographic terms. Give reasons for your answer. [20]
[Total: 20]
- 4 The Case Study states that PlusCo had succeeded through a diversification strategy.
- (a) Draw Ansoff's matrix, and explain the features of a diversification strategy. [10]
- (b) Explain to PlusCo the difference between strategic and tactical issues when carrying out marketing planning. [2 x 5]
[Total: 20]
- 5 (a) Recommend a pricing strategy for the launch of PlusCo's new snack product. [2]
- (b) Explain the **seven** stages of the new product development process. [7 x 2]
- (c) Suggest **two** types of advertising that PlusCo might use to help launch their new product. [2 x 2]
[Total: 20]

