

UNIVERSITY OF CAMBRIDGE INTERNATIONAL EXAMINATIONS

Cambridge International Diploma Advanced Level

**MARK SCHEME for the October 2005 question paper**

**CAMBRIDGE INTERNATIONAL DIPLOMA IN BUSINESS**

**5174      Marketing, maximum mark 100**

This mark scheme is published as an aid to teachers and students, to indicate the requirements of the examination. It shows the basis on which Examiners were initially instructed to award marks. They do not indicate the details of the discussions that took place at an Examiners' meeting before marking began. Any substantial changes to the mark scheme that arose from these discussions will be recorded in the published *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]**

**1 Involve seems to be product focused at the moment.**

**(a) Define the term 'marketing orientation'.** **[2]**

All corporate activities are focused on the customer, and achieving corporate goals by providing goods and services that customers genuinely need. **[2 marks]**

**(b) Produce six slides and presenter's notes for a presentation to all technical staff working for Involve, in order to explain the importance of marketing in the company.** **[18]**

- Marketing is about identifying, anticipating, and satisfying customer needs through market research
- Identifying customer needs enables the design of an effective marketing mix to meet customer needs and achieve corporate goals
- Taking a marketing approach helps the company enter new markets
- Taking a marketing approach helps increase profitability through a better ability to compete
- Taking a marketing approach helps increase awareness of the company and its products and services
- Taking a marketing approach helps the company respond to a changing business environment
- A good way of increasing price - creates inelastic demand
- Possibility of creating and improving the corporate image
- Creating an image and awareness of the product

[1 mark for a slide covering each of six relevant points. 2 further marks for expansion of the points on the slides - 3 x 6 = 18]

**[Total 20]**

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**2 The senior managers have asked the marketing department to deliver a short talk on the subject of marketing research.**

**(a) Explain why firms conduct marketing research. [5]**

The main reason companies conduct marketing research is to improve business decisions they need to make. [2 marks]

These may include -

- Markets/segments to target
- Whether to develop new products
- Whether to drop products at the end of their lifecycle
- Appropriate names, prices, packaging for products
- Where to sell products
- How and where to promote products [Up to a further 3 marks]

**(b) Explain the five key steps/stages of conducting marketing research. [15]**

Five stages in the marketing research process are -

- Definition of problem
- Design of research and sampling
- Collection of data
- Analysis of data
- Presentation of findings

[3 marks for each stage explained in language appropriate for other staff and in briefing paper format]

**[Total 20]**

**3 (a) Explain the five stages of the consumer buying decision process. [2 x 5]**

Consumer buying decision process -

- Problem recognition
- Information search
- Evaluation
- Purchase
- Post-purchase evaluation

[2 marks for each stage of the process, suitably explained - 2 x 5 = 10]

**(b) Recommend marketing actions that involve can take which are linked to the five stages you explained in (a). [2 x 5]**

Marketing actions include -

- Problem recognition - public relations in magazines that target opinion leaders
- Information search - promotions to raise awareness, advertising and good website
- Evaluation - quality of product, promotions that remind about product
- Purchase - accessibility of products
- Post-purchase evaluation - guarantees, returns policies, good customer service

[Actions suggested will vary - 2 marks should be awarded for suitable recommendations at each stage, linked to the Case Study]

**[Total 20]**

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4 The Board of Directors have returned from a seminar which focused on relationship marketing. Prepare a report which:

(a) explains relationship marketing. [5]

Relationship marketing concerns the overall relationships an organisation has with both suppliers and customers. It seeks to achieve the goal of retaining customers through a combination of quality, customer service and marketing. [5 marks]

(b) explains five possible implications of adopting relationship marketing for the marketing planning process. [3 x 5]

The marketing planning process involves -

- Marketing audit
- SWOT analysis
- Objectives
- Segmentation
- Strategy
- Marketing mix
- Controls

Examples are many and varied and include -

Checking customer retention levels during the marketing audit, setting objectives to retain existing customers as well as attract new, designing quality products, putting control mechanisms in place that continue to measure customer satisfaction and customer retention.

[3 marks should be awarded to each of five suitable examples of how relationship marketing impacts on the marketing plan]

[Total 20]

5 Involve needs to develop a promotional mix for their new product.

(a) Identify four objectives that promotion can achieve. [4]

Promotion can be designed to -

- Differentiate products/services/company from competitors
- Remind customers about products
- Inform customers and potential customers about products and services
- Persuade customers to buy

[1 mark for each suitable promotional objective identified]

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**(b) Explain fully the following methods of promotion for the new product from Involve, and describe the advantages and limitations of each:**

**(i) advertising**

**[8]**

Level 1 answers will simply attempt to define advertising as any paid for form of non-personal ideas or products in TV, Radio, the press, cinema, billboard and online;

Level 2 answers will identify some of the following advantages and limitations below;

Level 3 answers will identify and explain most of the following;

Level 4 will link these full explanations to the context of the Case Study.

Advantages -

- Can reach wide audience quickly
- Good for awareness building
- Repetition can build brand positioning
- Can be used to help the sales effort - possibility of charging premium pricing
- Informs public of new products

Limitations -

- Expensive - particularly TV
- Impersonal - lacks flexibility
- Limited ability to persuade

**(ii) sales promotion**

**[8]**

Level 1 answers will simply attempt to define sales promotions as consisting of incentives to consumers or the trade to encourage purchase. These can be special offers, money off, buy one get one free, buy one get another half price, competitions, etc;

Level 2 answers will identify some of the following advantages and limitations below;

Level 3 answers will identify and explain most of the following;

Level 4 will link these full explanations to the context of the Case Study.

Advantages -

- Incentives can give a quick boost to sales
- Can encourage brand switching
- Can encourage trial

Limitations -

- Excessive use can be damaging
- Effect usually only short term
- Must be carefully managed – if ‘too successful’ can be costly
- Consumers may see the promotion largely as a way to save money

**[Total 20]**