

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

MARKETING

5174/01

Optional Module

October 2006

**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 the tasks which follow.

[The following Case Study is fictitious.]

Building the Hiya Brand

As the positive impact of China's booming economy becomes ever more visible, one factor that is turning Chinese brands into household names worldwide is sport.

A variety of sponsorship deals have recently been tied up by China's biggest companies, designed to give them maximum exposure to the some of the largest global TV audiences.

The Chinese electronics company 'Lucky' has now gone one step further. It agreed to become a top-level sponsor of both the 2008 Beijing Olympic Games and the Winter Olympics in Italy in 2006, and has even changed its name to do so. The company has been rebranded as 'Hiya', since the name 'Lucky' had already been taken in other parts of the world. 5

"We're all trying to guess which other Chinese brands will use the Games as a springboard to becoming big, global brands," says business consultant Abeba Fola. "It's not just the giant electronics company Hiya who is looking at that - I think there will be one or two other players in other markets, whose names we don't know yet, who will also appear." 10

While this growth may mean China's economy is changing rapidly, so is the Chinese consumer.

Hiya offers one of the best examples - its success has been built on offering its customers a more sophisticated product. When its young chief executive Shen Lee took over, according to company legend, the first thing he did was smash the fridges, made by his company, that did not work properly. 15

"At that time workers had no awareness of quality of product, because we could sell everything we produced," said Shen Lee. "So I used this big event to change their minds, to raise their awareness." Hiya now has factories in 22 different countries, and has managed to persuade US retail giant Wal-Mart to stock products bearing Hiya's logo, and not simply re-brand them. Hiya offers a variety of products to different areas of the domestic market, including machines for washing sweet potatoes, and cheap, top-loading washing machines for the rural market. 20

Abeba Fola pointed out it is very difficult to market a product across the whole of China, as the demands of its 1.3 billion people are so wide-ranging. She said that even something as simple as a skin cream had to be different in the north, where people's skin is drier than in the south. "These things have a huge impact on how you market - you can't just do blanket coverage or mass marketing," she said. 25

You have recently been appointed as the new marketing executive for Hiya.

You must attempt ALL of the following tasks.

- 1 In order to succeed in both domestic and international markets, the senior management of Hiya need to develop their understanding of the marketing concept.
- (a) Explain why marketing is important to the organisation. Use **three** examples relevant to Hiya to support your answer. [10]
- (b) Explain how Hiya could set up a customer care plan to develop relationships with its customers. [10]
- [Total: 20]**
- 2 The managing director at Hiya is reluctant to fund a market research project for the European market. Write a memo to the managing director:
- (a) explaining market research and its importance [10]
- (b) describing the stages of the market research process [5]
- (c) suggesting ways in which Hiya can use each stage of the process to research the European market. [5]
- [Total: 20]**
- 3 As Hiya expands into America and sells to large supermarket chains, it is important that the company understands the stages of the organisational buyer decision-making process.
- (a) List the stages of the organisational buyer decision-making process. [8]
- (b) Explain why it is important to have an understanding of the buyer decision-making process. [4]
- (c) Explain the differences between the consumer and organisational buyer decision-making processes. [8]
- [Total: 20]**
- 4 The senior management are concerned that previous marketing plans have not been effective due to poor objective setting and strategic decisions.
- (a) Explain the term SMART objectives. [5]
- (b) Devise **one** SMART objective for Hiya, to achieve a 10% market share in the USA. [5]
- (c) Explain, in detail, how the Ansoff matrix can be used to develop strategy during the marketing planning process. [10]
- [Total: 20]**
- 5 Hiya is looking to sponsor a major sports team in the USA.
- (a) Explain why sports sponsorship is so popular as an element of the **promotional** mix. [5]
- (b) Explain how you would support the sponsorship of the sports team using the other elements of the **promotional** mix. [10]
- (c) Product is also an important part of the marketing mix. Briefly explain why the development of a strong brand will be important to Hiya in the future. [5]
- [Total: 20]**

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