

UNIVERSITY OF CAMBRIDGE INTERNATIONAL EXAMINATIONS
Cambridge International Diploma Advanced Level

MARK SCHEME for the October 2007 question paper

CAMBRIDGE INTERNATIONAL DIPLOMA IN BUSINESS

5174 Marketing, Maximum mark 100

This mark scheme is published as an aid to teachers and candidates, to indicate the requirements of the examination. It shows the basis on which Examiners were instructed to award marks. It does not indicate the details of the discussions that took place at an Examiners' meeting before marking began.

All Examiners are instructed that alternative correct answers and unexpected approaches in candidates' scripts must be given marks that fairly reflect the relevant knowledge and skills demonstrated.

Mark schemes must be read in conjunction with the question papers and the report on the examination.

- CIE will not enter into discussions or correspondence in connection with these mark schemes.

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Page 2	Mark Scheme	Syllabus
	Cambridge International Diploma – October 2007	5174

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)

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)

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)

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)

1 You have been asked by the Marketing Director of Dreamland Hong Kong to produce a brief report for the Senior Management. The report should include the following information:

(a) A definition of what is meant by the 'marketing concept'. [5]

Definition of the marketing concept – “the management process responsible for identifying, anticipating and satisfying customer requirements profitably and efficiently” – or similar definition

(b) An explanation of why marketing is important to Dreamland Hong Kong. Support your answer with three relevant examples. [10]

Many examples are possible. Up to four marks to be awarded for identifying reasons why marketing is important, including:

- Achieve corporate objectives
- Understand the increasing sophistication of consumers
- Identify, anticipate, influence and satisfy consumer needs
- Respond to changes in the market
- Improve market share
- Enter new markets
- Increase revenue
- Maximise profits
- Increase awareness and profile of the company
- Increase awareness of the product or service (4)

Up to two marks to be awarded for each relevant example given (in the context of Dreamland Hong Kong) and discussed. (6)

Page 3	Mark Scheme	Syllabus
	Cambridge International Diploma – October 2007	5174

(c) An explanation of what is meant by the term ‘customer orientation’. [5]

A customer orientation is the ‘focus’ of the organisation. It benefits an organisation as it enables them to:

- Identify and define customer requirements
- place the customer ‘central’ to all personnel and functions within the organisation
- Work to meet customer needs and wants
- Measure effectiveness of activities

It will also require a major organisational (internal) restructuring in order to achieve customer orientation objectives, which requires commitment from all levels within the organisation.

[Total: 20]

2 The Senior Management of Dreamland Hong Kong have allocated a limited budget to fund any marketing research needed.

(a) Define the term ‘marketing research’. [5]

Market research – the **collection** and **analysis** of **market/customer data** and **information**.

(b) Explain *five* reasons why Dreamland should conduct marketing research. [15]

Market research involves research about the market a company is targeting – trends, competitor activity, customer needs and wants, PEST factors, etc. (5)

Candidates are expected to discuss five reasons why marketing research is important. There will be many different answers to this including:

- Market research is important as it reduces the risk of failure
- Market research aids in effective decision-making
- Marketing research, when conducted effectively, can enable the organisation to gain a competitive advantage
- Market research can help identify profitable market segments
- Market research can help identify customer needs
- Market research can help identify competitor action and react accordingly

Award up to five marks for the identification of valid reasons. Award up to a further five marks for the discussion of these reasons in the context of Dreamland Hong Kong. (10)

[Total: 20]

Page 4	Mark Scheme	Syllabus
	Cambridge International Diploma – October 2007	5174

3 The Marketing Director at Dreamland Hong Kong has asked you to produce a memo for the junior staff members of the Marketing Department who have limited knowledge of consumer behaviour.

(a) Explain the stages of the consumer buying decision making process. [10]

5 stages of the consumer buying decision process:

- Problem recognition
- Information search
- Evaluation
- Purchase
- Post-purchase evaluation (5)

In order to award the further five marks candidates need to explain what happens at each stage of the process.

- Problem recognition – a need for a service or product is recognised, through necessity or through desire
- Information search – the different products and services are researched to some degree, depending on the type of purchase, by the customer
- Evaluation – the various options available are evaluated until a chosen ‘shortlist’ is identified
- Purchase – the product or service is purchased
- Post-purchase evaluation – the customer evaluates the product or service in relation to the initial problem. (5)

(b) Explain, using examples from the Case Study, why it is important for Dreamland Hong Kong to understand consumer buying behaviour. [10]

It is important for Dreamland Hong Kong to understand the buying behaviour of their target market(s) in order to:

- Satisfy changing needs
- Identify new segments
- Deliver more effective communications messages
- Develop future products
- Develop future services (5)

A further five marks are to be awarded for the explanation of the importance of understanding buying behaviour in the context of Dreamland Hong Kong. For example:

- Satisfying changing needs – customers may change their opinion of particular rides, which need to be more ‘exhilarating’
- Identify new segments – customers who may wish to use the theme park at off-peak times or for corporate events (5)

[Total: 20]

Page 5	Mark Scheme	Syllabus
	Cambridge International Diploma – October 2007	5174

4 The Senior Management of Dreamland Hong Kong have no direct experience of devising and implementing a marketing plan. Prepare a memo for the Senior Management that covers the following topics.

(a) The ‘marketing audit’. [8]

The marketing audit is the first stage of the marketing planning process. I.e. is a contextual analysis answering the question ‘where are we now?’ An internal and external analysis of the current organisational situation:

- identifying PEST factors (Political, Economic, Social, Technological) competitors
- marketing activity currently undertaken
- sales figures
- product portfolio (product life cycles).

(b) ‘SMART’ objectives. [4]

SMART objectives are:

- Specific
- Measurable
- Achievable
- Relevant
- Time-based

(4)

(c) two strategic marketing models used to help develop a marketing strategy. [8]

Candidates must identify the two strategic marketing models.

The Ansoff Matrix for growth:

- Market penetration
- Market Development
- Product development
- Diversification

(Up to 3 marks)

Porter’s generic strategies:

- Cost leadership
- Differentiation
- Focus/Niche marketing

(Up to 3 marks)

Stronger candidates will expand their answers using the appropriate diagrams of each model. (Further 2 marks)

[Total: 20]

Page 6	Mark Scheme	Syllabus
	Cambridge International Diploma – October 2007	5174

5 Prepare a brief report suggesting an appropriate marketing mix for Dreamland Hong Kong for the first six months of operation. [20]

Many examples are possible. Up to seven marks are to be awarded for identifying the seven elements of the marketing mix.

A further seven marks are to be awarded for suggesting an appropriate marketing mix in the context of the question (Dreamland Hong Kong).

Finally, up to six further marks are to be awarded for the justification of why the chosen marketing mix elements have been selected (relating to type of customer, location and also the short-term (6 month) nature of the marketing plan).

For example:

- Product – new product/service, the Dreamland theme park, has strong brand reputation, well-known and respected. Level 4 candidates may discuss tangible products that can be taken from the theme park as mementos
- Price – may consider price skimming or penetration pricing in order to successfully introduce the new product/service
- Place – limited by the location of major roads, large area of land for building the theme park, near tourist resorts
- Promotion – outline suitable promotional mix for a new service, outdoor advertising by roads, TV and radio advertising, internet campaign
- People – well trained, providing good service and customer care
- Process – easy to find, park and use facilities
- Physical Evidence – clean, well-designed (layout), strong logo, clean uniforms, etc.