

UNIVERSITY OF CAMBRIDGE INTERNATIONAL EXAMINATIONS
Cambridge International Diploma Advanced Level

MARK SCHEME for the October 2010 question paper
for the guidance of teachers

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, which would have considered the acceptability of alternative answers.

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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 Healthy Hair Products are market oriented.

(a) Explain what is meant by market orientation. [5]

Market orientation puts the market's (the customers') needs and wants at the centre of the organisation and everything that it does. It is the responsibility of all employees in the organisation. (5 marks)

(b) (i) Explain *three* key benefits of marketing in an increasingly competitive market place [3 × 2 = 6]

Answers to this question will vary. However, candidates should identify three of the following benefits of marketing, explaining each one clearly:

- to remain competitive
- to have an effective marketing plan/mix
- to access focused market research to help decision-making
- to segment their market
- to grow market share
- to identify, anticipate, influence and satisfy customer needs
- to respond to changes in the market
- to enter new markets
- to increase awareness of products and services
- to facilitate communications – internally and externally
- to build relationships with stakeholders

(Any three benefits, fully explained 3 × 2 = 6 marks)

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- (ii) Explain how *each* benefit identified in (b)(i) contributes to Healthy Hair Products' objectives. [3 × 3 = 9]

Answers to this question will vary but should link to the three benefits in part (i).

For example segmenting their market will mean more cost effective marketing activities designed to meet the need of a specific segment.

Entering new markets will give them a wider target audience and more customers to sell to. Building relationships with stakeholders will help secure future business, gain support from financiers and shareholders for new plans, and help motivate employees.

[Total: 20]

2 Healthy Hair Products have commissioned some marketing research to help to put together the marketing plan.

- (a) Explain the *two* research methods that are mentioned in the case study. [2 × 6 = 12]

The two methods in the case study are:

- Surveys – Structured questioning – often quantitative – Can be face-to-face, telephone, or self-administered postal or online. Surveys used by Healthy Hair were used to investigate the use of their website.
- Focus groups – qualitative research used to gather opinion. Need to be selected and moderated carefully so conversation is not 'led' but is prompted. Healthy Hair used them to help them select an appropriate brand image and name.

(6 marks for each of the two methods suitably explained)

- (b) Identify *two* sources of secondary data that could help Healthy Hair Products. [2 × 4 = 8]

Candidates should explain how secondary research could be used to investigate issues relevant to the Case Study:

e.g. Research reports about trends in environmental concerns/green issues

Research reports about hair care use by both men and women

Government statistics about use of the Internet to buy products

Competitor websites to see the activity of competitors

Other linked/related issues are acceptable as long as an appropriate secondary source included.

(4 marks for each of two sources linked to the Case Study)

[Total: 20]

3 Healthy Hair Products have decided to switch to focus on the personal consumer market.

- (a) Explain the *five* stages of the consumer buying decision process. [5 × 2 = 10]

(i) Problem recognition 2 marks

(ii) Information search 2 marks

(iii) Evaluate alternatives 2 marks

(iv) Purchase 2 marks

(v) Post-purchase evaluation 2 marks

(2 marks for each stage, suitable explained)

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(b) Define the term 'segmentation'. [2]

Segmentation is – the **division of markets into groups of customers with similar needs** to enable more **effective targeting of marketing** activities
(2 marks)

(c) **Healthy Hair Products** has defined *two* market segments that they wish to target. Explain the *methods* of consumer segmentation the company has used. [2 × 4 = 8]

Women – combination of demographic – age and income with psychographic – interest in the environment

Men – also combination of demographic – age and income with psychographic – interest in the environment and their appearance

[Total: 20]

4 **Healthy Hair Products** will be putting together a marketing plan for their new strategy.

(a) Explain what the **PEST** factors are in an analysis of the external environment. [4]

PEST factor	General description
Political	Action by government of home or target market including legislation
Economic	Taxes, tariffs, state of the economy
Social	Demographic trends
Technical	Technological developments presenting opportunities or threats to the business
	4 marks

(b) Explain *two* advantages of marketing planning to **Healthy Hair Products**. [2 × 5 = 10]

Any suitable advantages should be accepted with up to 5 marks given for a full explanation of each.

Examples include:

Cost-efficiency

Gain a competitive advantage

Effective targeting

Giving the marketing team a sense of direction/road map

Full understanding of customer needs, now and in the future

(c) Explain *two* control mechanisms that might be used in order to measure progress against the marketing plan. [2 × 3 = 6]

Any relevant control mechanisms may be awarded marks.

1 + 1 mark for identifying 2 suitable measurements – e.g. sales volume, increase in market share, consumer satisfaction, hits on website.

2 + 2 marks for expanding on each

[Total: 20]

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- 5 (a) Explain the elements of an extended marketing mix (7Ps) with examples of how each would apply to Healthy Hair Products' new range. [7 × 2 = 14]

The seven P's of the expanded marketing mix are:

- Product
- Price
- Promotion
- Place
- People
- Process
- Physical Evidence

(3 marks for identifying each element and a maximum of 7 marks for generic description)

Level 3 and 4 candidates will describe each element in the context of the Case Study:

- Product – hair products – organic and environmentally friendly – shampoo, conditioner, styling products for both men and women
- Price – pricing strategies for consumer market and online ordering
- Promotion – Use of the promotional mix to communicate with customers – website, advertising through appropriate beauty magazines, catalogues for mail order.
- Place – Direct channel of distribution through mail order or Internet and personal selling
- People – Training employees who interact with customers – via email or telephone or face-to-face. Specialist hair care team to provide advice
- Process – Ease with which customers can order goods, make payments etc. on new site and system
- Physical evidence – new website and corporate image – hair care advice section

Up to seven marks can be awarded. (7 marks)

- (b) Explain *two* ways in which Healthy Hair Products' marketing mix might be affected by developments in technology. [2 × 3 = 6]

Place – new distribution channel with online ordering

Promotion – advertising on other sites, email campaigns

Physical evidence – website to carry new brand image and logo and hair care advice to differentiate from the competition

(3 marks for any 2 of the above suitably explained = 6 marks)

[Total: 20]