

CAMBRIDGE INTERNATIONAL EXAMINATIONS
Cambridge International Diploma Advanced Level

MARK SCHEME for the October 2012 series

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.

Mark schemes should be read in conjunction with the question paper and the Principal Examiner Report for Teachers.

Cambridge will not enter into discussions about these mark schemes.

Cambridge is publishing the mark schemes for the October 2012 series for most IGCSE, GCE Advanced Level and Advanced Subsidiary Level components and some Ordinary Level components.

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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)

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1 Mikosi Perfumes and Beauty Products try very hard to put the customer at the centre of all their activities.

(a) Explain why this is important in marketing terms. [5]

The marketing concept is used to meet and anticipate the needs of the customer, it facilitates exchanges and identifies that the customer is important to all organisations. It is the marketing concept that suggests the customer should be at the heart of everything an organisation does if it is to be successful. (5 marks)

(b) Identify three examples of marketing activity from the Case Study and explain how each activity contributes to the company's objectives. [3 × 5 = 15]

Answers to this question will vary. However, candidates should identify three of the following explaining clearly how it contributes to the company's objectives –

- They segment the market (more cost-effective targeting meaning more profit)
- They care about quality and freshness
- They advertise widely
- They care about customer service
- They are applying for a quality award

(Any three examples, fully explained 3 × 5 = 15 marks)

[Total: 20]

2 Mikosi are very focused on natural and safe products and ingredients.

(a) Explain two research methods that Mikosi might use to check the suitability of ideas for new products. [2 × 6 = 12]

Answers to this will vary. Marks should be awarded for any of the following, suitably explained in terms of the advantages and disadvantages and linked to the perfume and beauty sector:

- Postal, telephone or email survey
- Face to face survey
- Survey on website
- Facebook or other digital method (e.g. Blog)
- Focus groups

(2 × 6 marks for each; 2 for method, 2 for advantages and 2 for disadvantages)

(b) Mikosi have recently moved into new countries. Identify four sources of secondary data that could support their marketing mix decisions in a new market. [4 × 2 = 8]

- Market research reports such as Mintel or Keynote
- Syndicated research about overseas markets
- Press and publications (specialist) about trends in their market in other countries
- Internet search engines (Google or Yahoo)

(2 marks for each relevant source identified - 4 × 2 = 8)

[Total: 20]

3 Mikosi use demographic and psychographic segmentation methods.

(a) Explain one way they use demographic segmentation in the Case Study. [5]

Answers to this may vary – 3 marks for generic description of demographic segmentation + 2 marks for reference to male & female or wide age range.

(b) Explain one way they use psychographic segmentation in the case study [5]

Answers to this may vary – 3 marks for generic description of psychographic segmentation + 2 marks for ethical interests, wanting natural products or any other relevant example.

(c) Explain the five stages of the consumer buying decision process for beauty products. [5 × 2 = 10]

Stages are:	Example:
Problem recognition	Female decides to buy a beauty product
Information search	Search online, in retail outlets, ask friends and other family members
Evaluation of alternatives	Use personal choice criteria to arrive at a short list (includes fresh, natural product, no animal testing)
Purchase	Buys beauty product
Post-purchase evaluation	While using the product decides whether it meets her expectations and whether she will use it again in the future or recommend it to others
5 marks	5 marks

[Total: 20]

4 You will be responsible for marketing planning for Mikosi.

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

Candidates gain 4 marks for identifying – (only 2 marks are awarded for a list without explanation)

P = Political

E = Economic

S = Sociological

T = Technological and describing these in generic terms.

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- (b) Explain one of Ansoff's four growth strategies Mikosi has used to expand their business. [4]**

Candidates are asked for **one only** -

Market penetration – existing products to existing markets – improving marketing effectiveness and penetrating existing market or taking customers from competitors e.g. online sales.

Market development – existing products to new markets – finding new segments to offer existing products to – e.g. new countries to target

Product development – new products to existing markets – e.g. new products in range

(Note: they have not diversified so this should not be rewarded)

(4 marks for growth strategy – 2 for strategy, 1 for generic description, 1 for beauty example)

- (c) Explain one reason that Mikosi might adapt its marketing mix across its range of products. [8]**

Answers to this will vary – it may be different segments are targeted with different products, it may be to balance pricing across the range, some products may be more popular online. All should link back to customer needs.

- (d) Describe an example of one control method that Mikosi could use in its planning process. [4]**

Answers to this will vary – only one example is required. Could be qualitative or quantitative

[Total: 20]

5 Mikosi spend a lot of time developing their marketing mix.

- (a) Explain the elements of the marketing mix (7Ps) with examples of how each would apply to Mikosi's range of products. [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 4 marks for generic examples)

(7 marks)

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

- Product – beauty products – quality, fresh, not animal tested
- Price – premium pricing strategies for consumer market
- Promotion – Use of the promotional mix to communicate with customers – provision of information on own website and adverts on relevant beauty/female sites, advertising through national press, in women’s magazines.
- Place – Through website, catalogues and own retail outlets
- People – Training employees who interact with customers about the product ingredients and company ethos
- Process – Ease in which customers have queries answered, complaints resolved, retail sales tills, queuing systems etc.
- Physical evidence – customer testimonials in newsletter, photos on website, free samples ordered through catalogue or online

(Up to seven marks can be awarded)

(7 marks)

(b) Select one of Mikosi’s channels to market (place P) and explain the advantages it offers in relation to their specific product range. [6]

Candidates should select one of:

Internet

Direct mail/catalogue

Retail outlet

(6 marks for relevant examples for channel selected.)

[Total: 20]