



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

MARKETING

5174/01

Optional Module

October 2011

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 pages.



You must read the case study below and attempt ALL the tasks which follow.

(This case study is fictitious.)

HOLIDAYS INC.

Holidays Inc were first set up in the early 1900s and now take over 6 million holidaymakers on vacation every year. They have a number of channels to market including their own chain of travel agencies, other travel agencies, direct mail and online booking. They offer many different types of holidays which they market under their own brand names. One specialised brand has been Sport Holidays Inc, which takes individuals and groups to sports events all over the world and all year round. 5

In terms of general family holidays, Holidays Inc offer hotel holiday packages all over the world and segment by a combination of demographics and psychographics. They also offer holidays on their own range of cruise ships. These holidays have become increasingly popular over the last decade and this has enabled Holidays Inc to double its market share in foreign inclusive package holidays in spite of the global economic crisis. 10

The travel industry has also been affected by the cost of air travel (not just in fuel costs, but also the cost to the planet and the environment). Holidays Inc have a corporate social responsibility policy of trying to minimise negative impacts on the environment, but are still affected by the high price of fuel and the tax on air travel that now exists in some countries. 15

Holidays Inc have a full promotional programme running all year round. They use TV advertising at peak times of the year for holiday bookings and also use radio, press, outdoor and point-of-sale promotion. The only sales promotions they run are the occasional competition for a free holiday and these are usually used to introduce a new destination. They also use their website and direct marketing campaigns to communicate with existing and potential customers. They have won several industry awards that are publicised on their website. 20

Holidays Inc believe that the 'People' element of their marketing mix is very important, and all employees get discounted holidays for themselves and members of their direct family. All employees are also asked to trial the many holiday destinations free of charge, as long as they report back impartially about the quality of their experience. This contributes to the customer experience, not only through improvements that can be made as a result of employee reports, but also because of the level of goodwill the company has from its important stakeholder group – its employees. They believe that their employees and the service they offer are a strong source of competitive advantage. 25

Holidays Inc are proud of their heritage and trusted brand. They put the customer at the centre of all their activities, regularly gathering feedback from their customers about their experiences. They are thinking of setting up a social networking page, such as Facebook, so that their customers can share their views with other customers. 30

You must attempt ALL of the following tasks.

Where appropriate use information from the case study to support your answer.

- 1 Holidays Inc put the customer at the centre of all their activities.
- (a) Explain why this is important in marketing. [5]
- (b) Identify **three** examples of marketing activity from the case study and explain how **each** contributes to the company's objectives. [3 x 5 = 15]
[Total: 20]
- 2 Holidays Inc take customer feedback very seriously.
- (a) Explain **two** ways that customer feedback can be gathered and the advantages and disadvantages of each method. [2 x 6 = 12]
- (b) Sport Holidays Inc organise holidays linked to sporting events. Identify **four** sources of secondary data that could help them identify new destinations and events for this brand. [4 x 2 = 8]
[Total: 20]
- 3 Holidays Inc use demographic and psychographic segmentation methods.
- (a) Explain **one** way they use demographic segmentation in the case study. [5]
- (b) Explain **one** way they use psychographic segmentation in the case study. [5]
- (c) Describe the **five** stages of the consumer buying decision process for a family holiday. [5 x 2 = 10]
[Total: 20]
- 4 Holidays Inc use effective marketing planning.
- (a) Explain what the PEST factors are in an analysis of the external environment and identify **one** issue from the case study for **each** factor. [4 x 2 = 8]
- (b) Explain the **four** growth strategies described by Ansoff and link each to the holiday sector. [4 x 3 = 12]
[Total: 20]
- 5 Sport Holidays Inc will be offering a holiday package to the football World Cup in Brazil in 2014.
- (a) Explain the elements of an extended marketing mix (7Ps) with examples of how each would apply to Sport Holidays Inc's World Cup package holiday. [7 x 2 = 14]
- (b) For a product/service of your choice, explain how the elements of the marketing mix are coordinated and what has made the product successful or unsuccessful. [6]
[Total: 20]

BLANK PAGE

Permission to reproduce items where third-party owned material protected by copyright is included has been sought and cleared where possible. Every reasonable effort has been made by the publisher (UCLES) to trace copyright holders, but if any items requiring clearance have unwittingly been included, the publisher will be pleased to make amends at the earliest possible opportunity.

University of Cambridge International Examinations is part of the Cambridge Assessment Group. Cambridge Assessment is the brand name of University of Cambridge Local Examinations Syndicate (UCLES), which is itself a department of the University of Cambridge.