



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

MARKETING

5174/01

Optional Module

October 2012

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 of the tasks which follow.

(This case study is fictitious.)

Mikosi Perfumes and Beauty Products

The Mikosi Perfume and Beauty Company specialise in producing beauty products out of fresh fruit and vegetables, as well as essential oils and safe synthetics. They do not use animal ingredients, nor do they buy from companies who test for product safety on animals.

The majority of their products are hand-made, and they also print their own labels, which are designed to clearly display all the ingredients used. 5

They use fresh products, as they believe they work better, producing improved scents. They have also made a conscious decision to use as few preservatives as possible in manufacture. For this reason, as they have expanded their business into overseas markets, they have set up manufacturing sites in various locations worldwide, and now cover Australia, South-East Asia, Europe and China. Much of their business is done via mail order and they pride themselves on being able to supply customers from whichever manufacturing base is nearest to them, so ensuring freshness of product. 10

Their business runs through three channels:

1. orders direct from their Internet site 15
2. orders from their catalogue, which is mailed on request. Customers can request the catalogue via a coupon on their advertisements, or from the website, or through the retail outlets
3. sales through their own retail outlets, which are located in major cities within a 500-mile radius of their manufacturing bases 20

Advertising is placed in a wide range of magazines, as their products appeal to a wide age-range. Purchasers are mainly female, although there is a male customer group who buy their products as gifts.

The company has decided to work towards the achievement of the China Consumers Association (CCA) award and symbol to communicate the quality of their products and to guard against fake goods that compromise their brand's reputation for quality. This award is granted only after a strict selection process and is based on quality standards and customer feedback. 25

You have just been appointed Marketing Manager for Mikosi.

You must attempt ALL of the following tasks.

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

- 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]
- (b) Identify **three** examples of marketing activity from the Case Study and explain how **each** activity contributes to the company's objectives. [3 x 5 = 15]
- [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 x 6 = 12]
- (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 x 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]
- (b) Explain **one** way they use psychographic segmentation in the Case Study. [5]
- (c) Explain the **five** stages of the consumer buying decision process for beauty products. [5 x 2 = 10]
- [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]
- (b) Explain **one** of Ansoff's four growth strategies that Mikosi have used to expand their business. [4]
- (c) Explain **one** reason Mikosi might adapt its marketing mix across its range of products. [8]
- (d) Describe an example of **one** control method that Mikosi could use in its planning process. [4]
- [Total: 20]
- 5 Mikosi spend a lot of time developing their marketing mix.
- (a) Explain the elements of the marketing mix (7Ps) and give examples of how **each** element would apply to Mikosi's range of products. [7 x 2 = 14]
- (b) Select **one** of Mikosi's distribution channels (place P) and explain the advantages this channel offers in relation to Mikosi's specific product range. [6]
- [Total: 20]

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