

UNIVERSITY OF CAMBRIDGE INTERNATIONAL EXAMINATIONS
Cambridge International Diploma Advanced Level

MARK SCHEME for the October 2006 question paper

CAMBRIDGE INTERNATIONAL DIPLOMA IN BUSINESS

5174 Marketing
Maximum mark 100

This mark scheme is published as an aid to teachers and students, 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.

The grade thresholds for various grades are published in the report on the examination for most IGCSE, GCE Advanced Level and Advanced Subsidiary Level syllabuses.

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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 In order to succeed in both the domestic and international markets, the Senior Management of Hiya need to develop their understanding of the marketing concept.

(a) Why is marketing important to the organisation? Use three examples relevant to Hiya to support your answer. [10]

Marks

Many examples are possible. 6 marks to be awarded for any three of the following, suitably expanded upon. Marketing is important as it can help the organisation –

- 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
- Improve brand image
- Increase prices for products
- Increase awareness and profile of the company
- Increase awareness of the product or service (6 marks)

4 further marks to be awarded for examples discussed in context to Hiya. (4 marks)

(b) Explain how Hiya could set up a customer care plan to develop relationships with its customers. [10]

Marks

7 marks to be awarded for each stage of the customer care programme identified –

- Establish a process
- Identify customer requirements
- Set targets
- Establish service specifications
- Train staff
- Devise action plan
- Measure results (7 marks)

Further three marks to be awarded for answering the question with relevance to Hiya. (3 marks)

[Total: 20]

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2 The Managing Director at Hiya is reluctant to fund a market research project for the European market. Write a memo to the Managing Director:

(a) explaining market research and its importance [10]

Marks

Market research – the collection and analysis of market/customer information (3 marks)

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

Market research is important as it reduces the risk of making a bad business decision, the cost of which is likely to exceed the cost of the research (2 marks)

(b) describing the stages of the market research process [5]

Marks

6 stages of the market research process –

- Definition of problem
- Design of research and sampling
- Collection of data
- Analysis of data
- Presentation of report findings
- Justification of research methodology (5 marks)

(c) suggesting ways in which Hiya can use each stage of the process to research the European market [5]

Level 3 candidates will relate the stages of the market research process to Hiya; in the context of researching the European market.

Level 4 candidates will also suggest the use of an international, or European, research agency that have a better understanding of the European market. (5 marks)

[Total: 20]

3 As Hiya expands into America and sells to large supermarket chains, it is important that the company understands the stages of the organisational buyer decision process.

(a) List the stages of the organisational buyer decision making process. [8]

Marks

6 stages of the organisational buyer decision making process –

- Problem recognition
- Develop product specifications
- Search for suppliers
- Evaluate products **and** supplier relative to specifications
- Select and order
- Evaluate product **and** supplier performance (6 marks)

Stronger candidates will introduce the Decision Making Unit (DMU) and that the various decision makers influence the organisational buyer decision making process. (2 marks)

(b) Explain why it is important to have an understanding of the buyer decision making process. [4]

Marks

Reasons that it is important to understand buying behaviour –

- Satisfy changing needs
- Identify new segments
- More effective communications messages
- Development of future products and services (4 marks)

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- (c) Explain the differences between the consumer and organisational buyer decision making processes.

[8]

Marks

Consumer buyer behaviour –

- Routine response
- Limited decision making
- Extensive decision making
- Impulse buying

Organisational buyer behaviour –

- New task purchases
- Modified re-buy purchases
- Straight rebuy

(8 marks)

[Total: 20]

- 4 The Senior Management are concerned that previous marketing plans have not been effective due to poor objective setting and strategic decisions.

- (a) Explain the term SMART objectives

[5]

Marks

SMART objectives are –

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

(5 marks)

- (b) Devise a SMART objective for Hiya, which wishes to acquire a 10% market share in the USA.

[5]

Marks

Answers to the question will depend on the candidates understanding of the SMART objective. Many examples are possible, however, the SMART objective must be specific to the 10% market share in America, using a particular method, building relationships, expanding market share, communications activities, etc. all within a set time period.

(5 marks)

- (c) Explain, in detail, how the Ansoff matrix can be used to develop strategy during the marketing planning process.

[10]

Marks

The Ansoff Matrix for growth –

candidates must explain the following in the context of the Case Study:

- Market penetration- more goods in the same market – heavy promotion and greater awareness (2 marks)
- Market Development – e.g. entry to USA (2 marks)
- Product development – development of new products – e.g. frozen food (2 marks)
- Diversification – development of new products for new markets – e.g. frozen food for US market (2 marks)

Stronger candidates will expand their answers using an appropriate diagram.

(2 marks)

[10]

[Total: 20]

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5 Hiya are looking to sponsor a major sports team in America.

(a) Explain why sports sponsorship is so popular as an element of the promotional mix. [5]

Marks

Popularity of sports sponsorship –

- Position a product in a market
- Familiarise a market with a new product
- Extend hospitality to new clients
- Create goodwill among customers who enjoy the particular sports event
- Prove the qualities of a product or service
- Obtain media coverage

(5 marks)

(b) Explain how you would support the sponsorship of the sports team using the other elements of the promotional mix. [10]

Marks

Level 1 and 2 candidates will identify various promotional tools, including –

- Advertising
- Sales promotions
- Public Relations
- Personal Selling
- Direct Marketing

(5 marks)

Level 3 and 4 candidates will discuss how these promotional tools can support the sponsorship of a sports team in the context of the question –

- Raise awareness of sponsorship/team/product
- Evoke interest in team/products
- Help position the products
- Encourage purchase

(5 marks)

(c) Product is also an important part of the marketing mix. Briefly explain why the development of a strong brand will be important to Hiya in the future. [5]

Marks

Candidates should explain that a strong brand communicates values to customers –

- Quality
- Reliability
- Excellence

A strong brand also helps differentiate the product from competitors and can add value in the customers mind.

(5 marks)

[Total: 20]