UNIVERSITY OF CAMBRIDGE INTERNATIONAL EXAMINATIONS

Cambridge International Diploma Standard Level

MARK SCHEME for the October 2008 question paper

CAMBRIDGE INTERNATIONAL DIPLOMA IN BUSINESS

5164 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.

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.

*   CIE will not enter into discussions or correspondence in connection with these mark schemes.

CIE is publishing the mark schemes for the October/November 2008 question papers for most IGCSE, GCE Advanced Level and Advanced Subsidiary Level syllabuses and some Ordinary Level syllabuses.

UNIVERSITY *of* CAMBRIDGE
International Examinations

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   One of Delfina's concerns is that their current customers may be neglected if they expand into Singapore.

   (a) Explain the term 'relationship marketing'   [4]

        Marks
        Relationship marketing is about combining
        * quality and
        * customer service with
        * marketing
        * to enable relationships to be built with existing customers rather than just aiming to attract new ones
        (1 mark for each bullet = 4 marks)

   (b) Explain *four* benefits relationship marketing could offer Building Supplies Company.

        Marks
        Answers to this question will vary. However, candidates should identify that relationship marketing has four of the following benefits explaining each one clearly:
        * Current customers are loyal but may move to competitors if they are neglected
        * Current customers are from a segment that pays premium prices and profits will fall if they lose them
        * Existing customers are cheaper to do business with in terms of lower marketing costs
        * Satisfied existing customers will provide word of mouth recommendation to others and bring more business to the company
        * If the company's reputation suffers this may spread to Singapore
        (Any four benefits, fully explained 4 x 4 = 16 marks)

                                                                                                        [Total: 20]

2 The company needs to carry out market research before deciding on the move.

(a) List the *five* stages of the process used in the collection of marketing information. **[5]**

Marks
The five stages of the planning process for the collection of information are:
- Setting objectives
- Select sources of information
- Collection of the data
- Analysis of the data
- Drawing conclusions

(1 mark for each bullet = 5 marks)

(b) Explain *three* sources of secondary data that could be used to provide the company with more detailed information before they make their final decision about the expansion. **[15]**

Marks
- Any three **relevant** sources, fully explained, will gain marks, examples are:
- Company records – to see if they are financially strong enough to expand
- Government publications – e.g. statistics on building market in Singapore, demographic statistics – how many people will need housing – is the market growing?
- Trade associations and journals – to find out about the market that they are selling to
- Competitor websites – to find out who is doing what in Singapore
- Specialist/commercial libraries – to look at directories and publications about the market place

(5 marks for each of three appropriate sources, suitably explained)

[Total: 20]

3 (a) Delfina has suggested that they run some focus groups to find out how potential customers in Singapore will feel about their products. Marco prefers to use questionnaires as they are cheaper. Compare these two research methods and explain *three* advantages of each. **[10]**

Marks

Focus groups	Questionnaires
Advantages: • Help understand people's attitudes, motivation – why • Interaction triggers new ideas in the discussion • Bring out more in depth comments • Can show how influence of others changes attitudes • Can introduce projective techniques or stimulus material	Advantages: • Cheaper • More often used for quantitative research – how and what • Choice of postal, face to face or self-complete • Can be analysed through computer • Stimulus material can be introduced in face to face surveys

(b) Define the term 'segmentation'. **[4]**

Marks

Segmentation is – the **division of markets** into **groups of customers** with **similar needs** to enable more **effective targeting of marketing** activities (4 marks)

(c) Describe one of the segments that Building Supplies Company can target. **[6]**

Marks

Candidates can describe either the current segment or the new segment that will be targeted in Singapore:

1. Business to business – builders and craftsmen (industry type) in home market (geographic) building high-end value homes and having need for premium priced quality products (purchase behaviour).
   (2 marks for each of 3 variables identified)
2. Business to business – builders and craftsmen (industry type) in Singapore (geographic) building or renovating low cost housing and having need for basic level products (purchase behaviour).
   (2 marks for each of 3 variables identified)

[Total: 20]

4 (a) Identify two economic factors that have driven Marco's decision to expand internationally. [4]

Marks
The Case Study states 3 external factors that could be classed as economic:
- Government investing in building
- Economic outlook good in Singapore
- Government grants for small businesses opening in Singapore

(2 marks for each of two of the above)

(b) Delfina is writing a marketing plan. Explain the following stages of the planning process:

(i) SWOT analysis [4]

Marks
Candidates gain 2 marks for identifying:
S = Strength
W = Weakness
O = Opportunity
T = Threat   = 2 marks
A further 2 marks are available for identifying:
- Strengths and weaknesses come from internal analysis
- Opportunities and Threats come from the external analysis
- SWOT provides a summary of the marketing audit
- It is used to help set objectives and strategy   = 2 marks

(ii) Objectives [4]

Marks
- Should be SMART
- Are the goals that the marketing plan is looking to achieve
- Set clear measurement so everyone knows what they are to achieve
- Example

(1 mark for each of the above points)

(iii) Marketing mix [4]

Marks
Product
Price
Promotion
Place (2 marks)
Combination of activities implemented to achieve objectives   (2 marks)

(iv) Control issues [4]

Marks
Necessary to review progress to the plan   (1 mark)
Measurement of quantitative or qualitative achievement   (2 marks)
Examples   (1 mark)

[Total: 20]

5 **(a)** **Recommend a *promotional* mix for the lower value market place of builders and craftsmen that they might target in Singapore.** **[15]**

Marks
Candidates are expected to recommend how the five tools of the promotional mix might be used to target the new segment.

Direct marketing	Targeting the builders who are known to have won contracts from the government
Advertising	In trade journals
Sales Promotion	Special offers on opening the business
Personal Selling	Visits to the larger building firms
Public Relations	In trade journals, on their website, and in newspapers that are publishing features on the government initiative

(3 marks for each tool, suitably linked to the Case situation)

(b) **Suggest how the *product* element of the marketing mix might have to be changed in line with the market research results.** *(Lines 22–29 in the Case Study)* **[5]**

Marks
Candidates may respond in terms of price, as this is what is quoted in the research findings. However, the question asks about product.
Responses will vary, but they should focus on the following:
- Lower quality products
- Basic building fittings
- Bundled into volume purchases that can be discounted
- Less customer service as added value
- Research needed to check attitude to product ranges

(5 marks for a suitable combination of the above points)

[Total: 20]