

CAMBRIDGE INTERNATIONAL EXAMINATIONS
Cambridge Career Award in Business
Standard Level

MARKETING

Optional Module

5164/01

May 2003

2 hours 15 minutes

Additional Materials: Answer Booklet/Paper

READ THESE INSTRUCTIONS FIRST

The time allocated for this examination includes 15 minutes reading time.

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.

You may use a calculator.

Attempt **all** tasks.

Write your answers on the separate Answer Booklet/Paper provided.

At the end of the examination, fasten all your work securely together.

The number of marks is given in brackets [] at the end of each question or part question.

This document consists of **4** printed pages.



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

(The following Case Study is fictitious)

Case Study – Suki’s Gift Shop

Last year Suki opened a gift shop in her small town. The town is a popular summer tourist attraction because it still retains the charm of a traditional village. Many of the buildings have not changed significantly in the last hundred years. The area is an international tourist attraction and there is excellent trading during the tourist season. Otherwise, she relies on local trade, which is good all year round because the nearest large town is located ten miles to the South. So far she has not advertised, and trade has been built up through word of mouth but she has started to look for an Information Technology (IT) specialist to develop a website for the gift shop. 5

The town centre is compact, so the gift shop is in a good position to attract tourist shoppers. There is little direct competition. There are no other retail outlets offering similar products, although the local bookshop sells toys. Otherwise there are four coffee/tea shops, two hotels, a large pharmacy, three bakers, a butchers, a traditional sweet shop, a small supermarket and an ice cream shop selling locally produced ice cream. 10

Local retailers were delighted when the gift shop opened because it was felt that this offered a further attraction for visitors, and the appearance of the premises is in keeping with the local, traditional character of the village. 15

Four local craftsmen, who share workshop premises nearby, have approached Suki to sell their goods. They are willing to supply on a sale or return basis. Suki knows this is a good opportunity to reduce costs relating to stockholding. She had already decided to approach the same craftsmen to see if they were looking for a local retail outlet, because they were aware that the craft workshops' output would not support a shop. In addition, they felt that it was strategically important for her shop to develop as a local craft centre and she had already made plans to stage exhibitions of local work. There is unused space at the rear of the existing shop that could be converted into a gallery. 20

Suki agrees to stock local crafts. However, she realises that in order to support this new venture, she will need to rationalise the current ranges. The first year's figures provide the information that the three top selling ranges are ceramic figures, candles and toys. 25

Suki realised from her own observations and customer feedback that these products were popular with customers. She has very little information about the market, and was wondering whether to expand the toy range, since there will be very little for children under 12 years old in the new craft stock. 30

The craft workshop can supply the following ranges:

- jewellery
- candles (Suki is happy with her current supplier)
- pottery
- wooden toys
- sculptures

35

In addition to the types of products mentioned above, the gift shop also stocks:

Gift cards and wrapping paper – (very profitable, also brings in local purchasers on a regular basis)

Pottery mugs – (a few popular ranges but most original stock unsold)

Perfumes and exclusive toiletries – (a disaster, too much competition from local pharmacy)

Wooden carvings – (most of the original stock remains unsold)

Ceramic kitchenware – (slow, but sells steadily)

40

You must attempt ALL of the following tasks

- 1 Suki is curious about a conversation she had with her bank manager, who spoke to her about the advantages that a marketing approach might offer her business. This seems to be a formal approach to business that she had not previously considered.

Explain **five** benefits that Suki might gain from adopting a marketing approach, linking your answer to the information in the case study.

[5 x 4 = 20]

- 2 Suki has identified two areas in which she would like more information. She has recognised that she needs to rationalise her current product lines, and is also unsure whether to expand the range of children's toys.

(a) Advise Suki on **two** different methods of research which could be used to identify the needs of the market for children under 12 years old, before deciding whether to expand her stock in this area. **[10]**

(b) List **five** types of information that Suki may already have available to her in making decisions about rationalising her existing product stocks. **[10]**

[Total: 20]

- 3 Suki has accepted your recommendation to carry out marketing research into the children's toy market. Explain the **five** stage planning process for the collection of information, linking your answer to Suki's specific requirements.

[5 x 4 = 20]

- 4 Marketing is very new to Suki. Explain the following terms to her, giving an example of each that is relevant to her business.

(a) Marketing plan **[4]**

(b) Political factors (in the external environment) **[2]**

(c) Economic factors (in the external environment) **[2]**

(d) Societal factors (in the external environment) **[2]**

(e) Technological factors (in the external environment) **[2]**

(f) SWOT analysis **[4]**

(g) Marketing objectives **[4]**

[Total: 20]

5 Describe an appropriate marketing mix for the planned Craft Gallery within Suki's shop. Use the following headings to explain each element:

(a) Product [5]

(b) Price [5]

(c) Promotion [5]

(d) Place [5]

[Total: 20]