

CAMBRIDGE INTERNATIONAL EXAMINATIONS
Cambridge Career Award in Business
Advanced Level

MARKETING

Optional Module

5174/01

October 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: Ali's Rugs and Textiles

Ali runs a thriving rug and textile business that exports most of its products, so very little business is done in the home market. Ali sources his products from several different countries, including Turkey, but is keen to increase the number of home market suppliers.

He has been selling products via the company website for three years, mainly to small wholesalers who supply tourist shops. Online sales account for 60% of the business but orders are small and Ali is keen to increase the size of these. He has concentrated on rugs but is now branching out into blankets. He has concentrated on the higher quality tourist market rather than supplying larger retailers and is anxious to break into this market. To do this, he recently recruited a sales and marketing manager and a communications manager. He is also seeking the advice of his local Chamber of Commerce. 5
10

He had two meetings with a business and export adviser who highlighted a number of marketing issues:

- Very few new products have been introduced to the range over the past two years. Due to the increasing number of smaller orders, Ali has concentrated on identifying lines that are profitable rather than on analysing consumer demand. 15
- No local advertising is carried out and Ali has very little knowledge of the local market.
- The export market is very competitive – Ali may need to find a niche rather than continue to trade as an undifferentiated business which sells across a range of markets.
- There was little research carried out before the decision was made to diversify into blankets – it was simply seen as a way to get existing clients to increase the size of their order. 20
- The company does not have a local identity and the export business has grown via Ali's network of contacts rather than marketing and promotion.

Ali is keen to retire in two years' time and has a son who has been working alongside him for five years. The son has recently completed a marketing qualification and is eager to carry out a further review of all activities in order to refocus the company. Meanwhile, a rival company has approached Ali with a very attractive offer to buy his existing business. The rival has a good local business but little export experience. 25

You have just been appointed to the newly created position of sales and marketing manager.

You must attempt ALL of the following tasks.

- 1 Until recently Ali has not seen the need for marketing within his business.
- (a) Identify **five** points to explain how a marketing orientation might help him to define his home market and improve business from it. **[5 x 2 = 10]**
- (b) Explain how Ali might use relationship marketing to maintain the status quo with his export customers while he focuses on establishing a home market. **[5 x 2 = 10]**
[Total 20]
- 2 (a) The business adviser consulted by Ali identified that little research has been carried out and yet Ali has started to sell blankets. Explain and recommend **two** research approaches that you might use to explore ideas for new products and to check the suitability of blankets. **[2 x 5 = 10]**
- (b) Explain to Ali **five** reasons why continuous research can be used to monitor the firm's environment, and how it could help the business to grow in the future. **[5 x 2 = 10]**
[Total 20]
- 3 Ali is keen to supply larger retailers. Explain the concept of the Decision Making Unit (DMU), and identify the different categories of decision makers that could be found in a large retail chain. **[10]**
- 4 Explain **two** ways in which Ali might segment his market. **[10]**
- 5 You have established that Ali's original business focuses on supplying overseas markets with rugs for the tourist trade.
- (a) Categorise **four** ideas that Ali has already tried, or plans to try, in terms of Ansoff's growth strategies. **[8]**
- (b) Identify which of Ansoff's growth strategies has not been considered. **[2]**
[Total 10]
- 6 (a) Explain **four** reasons why control methods are important in the marketing planning process.
- (b) Identify and explain **one** qualitative and **one** quantitative control method which could be used in the marketing planning process. **[10]**

7 (a) From the results of research that you have carried out, Ali has decided to target large retailers in the home market with rugs and blankets. Identify and explain **one** type of advertising medium that could be used for **each** of the following audiences:

(i) large retail chains [5]

(ii) potential consumer buyers of his products [5]

(b) Ali has started to receive orders direct from consumers through his website. He has recognised that he would earn more profit if he were to cut the wholesaler out of the chain and sell direct.

Explain **five** potential disadvantages of cutting the wholesaler out of the chain. [5 x 2 = 10]
[Total 20]