

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

MARKETING

5164/01

Optional Module

May 2004

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 on both sides of the paper.
You may use a soft pencil for any diagrams, graphs, music 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 page..

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UNIVERSITY of CAMBRIDGE
International Examinations

[Turn over

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

[The following case study is fictitious]

BERNARD'S BUILDING BUSINESS

Bernard has run a successful building and renovation business in Singapore for many years. The company purchases old residential properties and converts them to good quality flats, which involves building and renovation work. Most of the business in this market relies on two sources of flats. Firstly, there are a number of older flats that can be bought directly from the Housing Board (the local government housing department) and are then renovated. Secondly there are a number of flats that are built as new, on behalf of the Housing Board. 5

When renovating flats Bernard's business is involved in design work, decorating, installing modern kitchens and bathrooms, and putting in a full range of equipment. A contract for building brand new flats involves the whole process of building - from architectural design, to the finishing of the building with internal decoration and fittings. 10

The economic situation is making business very difficult. The number of competing contractors has dropped significantly over the last four years, with 300 local firms going out of business last year alone. Bernard initially thought that this would make business easier to attract, as he had fewer competitors. However, the reality seems to be that he has to continue to reduce his profit margin to win business. Recently his profit margin has dropped from 30% to 15%, and he will not be able to survive unless he can win more business without reducing this margin any further. 15

Recently, Bernard attended a seminar run at the local College with his daughter, who is studying marketing. Some of the content of the seminar made him think. In particular, he found the section on sales promotion very interesting. He does not want to offer further discounts, but has stock such as refrigerators, air conditioners, sink units and cabinets that he could use as 'free gifts'. 20

Recent figures show that resale prices of flats are starting to increase, which is an indicator of an upward trend in the property market. Bernard is aware that, although this might increase opportunities for renovation work, prices are still likely to remain very competitive. He wants to be ready for this upturn with a full marketing plan.

He has approached the Chamber of Trade for help in understanding the full concept of marketing, and putting together a plan. They have appointed you as a Consultant Business Adviser to Bernard's business and you are about to have your first meeting with Bernard. 25

You must attempt ALL of the following tasks

- 1 (a) Draw up a slide for your initial presentation to Bernard that shows **six** bullet points illustrating the benefits of adopting a marketing approach within a business. [6]
- (b) Write notes explaining the bullet points you used on the slide in (a). [6 x 2]
- (c) Explain the term marketing culture. [2]
- [Total: 20]**
- 2 In order to win business, Bernard thinks he can offer different free gifts depending on the value of the contract.
- (a) Advise him on **two** different methods of research which could be used to check the suitability of these items for potential customers. [2 x 5]
- (b) Explain the term secondary data. [2]
- (c) Identify **four** sources from which Bernard might obtain information about his competitors. [4 x 2]
- [Total: 20]**
- 3 Explain the term segmentation in the context of Bernard's business. [15]
- [Total: 15]**
- 4 Bernard has asked you to put together a marketing plan for his business. Explain the following stages of a marketing plan, giving **one** example for **each** stage that is relevant to the construction (building) industry.
- (a) External (PEST) analysis [5]
- (b) SWOT analysis [5]
- (c) Marketing objectives [5]
- (d) Marketing mix [5]
- (e) Promotional mix [5]
- [Total: 25]**
- 5 Describe an appropriate marketing mix for Bernard's business. Use the following headings to explain each element:
- (a) Product [5]
- (b) Price [5]
- (c) Promotion [5]
- (d) Place [5]
- [Total: 20]**

