UNIVERSITY OF CAMBRIDGE INTERNATIONAL EXAMINATIONS

Cambridge International Diploma Advanced Level

MARK SCHEME for the October 2004 question paper

CAMBRIDGE INTERNATIONAL DIPLOMA IN ICT

5201   Core, 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 initially instructed to award marks. They do not indicate the details of the discussions that took place at an Examiners' meeting before marking began. Any substantial changes to the mark scheme that arose from these discussions will be recorded in the published *Report on the Examination*.

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 discussion or correspondence in connection with these mark schemes.

UNIVERSITY of CAMBRIDGE
International Examinations

October 2004

CAMBRIDGE INTERNATIONAL DIPLOMA

Advanced Level

MARK SCHEME
MAXIMUM MARK: 100
PAPER: 5201/A ICT (Core)

Hothouse De

Office Supplies Marketing Strategy

Rationale

The new marketing strategy will focus on raising corporate awareness of a limited range of products which will be priced cheaper than our rivals. This must include rival vendors with low overheads who are using the Internet as a medium and who as a result managed to lower some prices below those available in the 'High Street'. We aim to reduce profit margins on all these goods, and where possible to undercut all competitors, but at no time should profit margins fall below a 10% mark up.

Corporate Strategy

The marketing strategy for these products needs careful consideration. The aim is to boost our company profile and create new customers who can then be targeted with other product ranges. One important element of this strategy will be to build relationships with the individuals charged with the office supplies purchasing for these companies. This one-to-one rapport should ensure that we are seen as the company who offers that personal touch, as for the client's products. If this range of contacts can be developed, other facets of our business can be introduced to these clients through well-established contacts rather than 'cold calling'. It is therefore essential that we develop this marketing with a range of existing products and innovative ideas to save clients time and money.

Sales Team

Each member of the sales team will manage a number of key clients. Those clients will not be reallocated annually or bi-annually as has previously been the case, but will remain with the individual sales staff to promote a sense of individual pride. The same sales advisor will gross 0.5% of pre-VAT price for each sale they take. Developing this individual focus will encourage staff to cultivate better client relationships in order to generate their own higher salaries.

In addition to this, for each sale generated to another division within the company from this contact (for example: if the graphic design department is introduced to a client and is given a commission), then the member of the sales team from the office supplies department will also gross 1.5% of the pre-VAT price for each future contract.

Although this may seem to be a large percentage of what could be some very large contracts (if for example the design work included Hothouse designing and refitting a client's business premises), this could generate an additional corporate income of up to £3,000,000 per annum.

Initial Focus

The proposal for the initial focus will be on a range of adhesives and fasteners.   The profit margins of the initially selected products have all been reduced on average to between 15% and 30%.   Within these there are some individual products which can be marketed as innovative and extremely good value for money. It is anticipated that the star performers in this field are likely to be those listed below:

1. Re-Mount Spray Adhesive
2. Photo Mount Adhesive
3. Spray Mount Adhesive
4. Pocket Mouse Correction Tape
5. All-purpose Spray Adhesive

Numbered list 1-5
Do not penalise if indented due to software
Do not penalise if additional blank line above or below

Product Codes

Heading style

Code	Product
A	Velcro
B	Tape
D	Adhesive
E	Correction

Table inserted, data from **aca4code.csv**
5 rows, 2 columns
row containing C Clips deleted
style as body text with bold & italic top row
blank line above and below table
line spacing not assessed
gridlines must be shown

Above are the proposed product codes for the select initial stage of the marketing strategy. Below is a comparison of the average profit margin (percentage mark-up) of the products in each of these categories.

High cost items with a larger profit margin

Heading style

Page break inserted here

Affiliate partnership accounts

We also intend to offer the same sales incentives to business related websites which will carry links to our offer pages from their websites. This is a simple and easy way for them to earn money. By introducing others to the benefits of using Hothouse Design.co.uk they can give their visitors access to over 23,000 low-priced office products.

Criteria

- Their website must be professional and maintain high standards in security, performance and functionality which will be subject to our approval and verification.

- Their traffic should exceed 500 unique visitor sessions per day.

- Their site does not contain any inappropriate content or any direct links to any sites containing inappropriate content.

What will we offer?

- Rapid start up (target is within 5 working days)

- All creative graphics, text links, promotional information and tools will be supplied by Hothouse Design.

- Regular monthly reports, showing details of their linked internet traffic

- Regular monthly reports, showing details of the sales generated by the link.

- Quarterly payment of their sales commission.

Hothouse Design

Office Supplies Marketing Strategy

Rationale

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Corporate Strategy

The marketing strategy for these products needs careful consideration. The aim is to boost our company profile and create new customers who can then be targeted with other product ranges. One important element of this strategy will be to build relationships with the individuals charged with the office supplies purchasing for these companies. This one-to-one rapport should ensure that we are seen as the company who offers that personal touch, as well as providing the cheapest prices for the client's products. If this range of contacts can be developed, other facets of our business can be introduced to these clients through well-established contacts rather than 'cold calling'. It is therefore essential that we develop this marketing with a range of existing products and innovative ideas to save clients time and money.

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In addition to this, for each sale generated to another division within the company from this contact (for example: if the graphic design department is introduced to a client and is given a commission), then the member of the sales team from the office supplies department will also gross 1.5% of the pre-VAT price for each future contract.

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1. Re-Mount Spray Adhesive
2. Photo Mount Adhesive
3. Hook & Loop Sets
4. Spray Mount Adhesive
5. Pocket Mouse Correction Tape
6. All-purpose Spray Adhesive
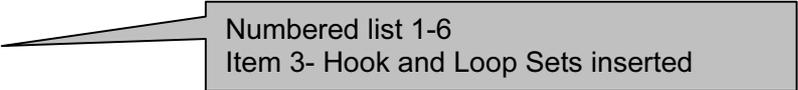
Numbered list 1-6
Item 3- Hook and Loop Sets inserted

Product Codes

Code	Product
A	Velcro
B	Tape
D	Adhesive
E	Correction

Above are the proposed product codes for the selected products which are to be used in this initial stage of the marketing strategy. Below is a comparison of the average profit margin (percentage mark-up) of the products in each of these categories.
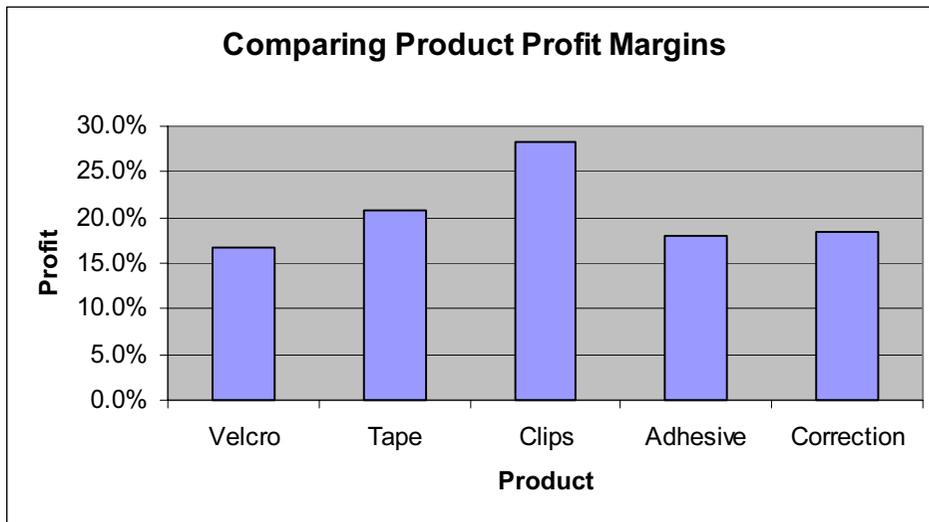
Comparing Product Profit Margins

Chart pasted here
Data must be correct
%Profit calculated on value axis
Product on category axis
No legend
Title and axis labels must be correct
Categories must be product names (displayed in full)

High cost items with a larger profit margin

Ref	Typee	Description	Offer	Purchase	Profit	%Profit
84486	B	Scotch Magic Tape Strip Desk Dispenser Marine	6.09	4.79	1.30	21.3%
55159	B	PVC Case Sealing Tape	5.99	4.49	1.50	25.0%
38477	B	Poly Clear Tape 38mm x 66m	6.00	2.24	3.76	62.7%
55902	D	Scotch Spray Mount Adhesive 400ml Can	7.99	5.99	2.00	25.0%

Data extract pasted here
Data must be correct
%Profit calculated correctly
Searched on Offer >=5 AND %Profit >20%
Sorted on Type (ascending) then Ref (descending)
Retail column deleted
Formatted in body style
Column headings bold & italic
Gridlines not important
line spacing not assessed

Affiliate partnership accounts

We also intend to offer the same sales incentives to business related websites which will carry links to our offer pages from their websites. This is a simple and easy way for them to earn money. By introducing others to the benefits of using Hothouse Design.co.uk they can give their visitors access to over 23,000 low-priced office products.

Criteria

- Their website must be professional and maintain high standards in security, performance and functionality which will be subject to our approval and verification.

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- Their site does not contain any inappropriate content or any direct links to any sites containing inappropriate content.

What will we offer?

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- Regular monthly reports, showing details of their linked internet traffic

- Regular monthly reports, showing details of the sales generated by the link.

- Quarterly payment of their sales commission.

Check document for:
No widows/orphans
No isolated headings
Tables remain on a single page
Bulleted and numbered lists remain on a single page

Printout of the second e-mail prepared and ready to send to autoresponder-

Check send to address: **design.h@ucles.org.uk**
Check subject line **ICTCOREX**
Check for attachment present
Could have any file name, check for document or dtp application extensions, zip files etc.

Printout of the file list from candidate's storage area.

Check that the file **ACA4GLUE.TXT** has been deleted.
Check **BACKUP** folder has been created

Check printout includes contents of **BACKUP** folder which should include
ACA4SUP.CSV , **ACA4GLUE.TXT** and **ACA4HD.JPG** and a copy of the final
document (may contain others files/versions as well)

Check **FILENAME** is visible for all files
Check **File Size** is visible for all files
Check **Date** and **Time** are visible for all files

CAMBRIDGE INTERNATIONAL DIPLOMA

Advanced Level

MARK SCHEME
MAXIMUM MARK: 100
PAPER: 5201/B ICT (Core)

A4 Portrait
Top, Bottom and left margins 4cm
Right margins 2cm
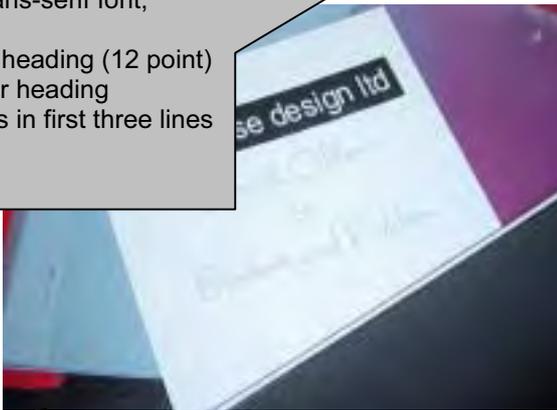Allow for paper feed inconsistencies with printers – (the line length must be 15 cm)

Hothouse Design

Office Supplies Marketing Strategy – Phase 2

Heading style

Evaluation of Phase 1

Heading style
16 point, italic, sans-serif font,
centre aligned,
blank line before heading (12 point)
no blank line after heading
Accept anomalies in first three lines
line spacing.

Phase 1 of the new marketing strategy has been implemented, its focus being on raising corporate awareness of a limited range of products. This range of products was to be priced lower than any of our rivals, which was successfully achieved under phase 1. The products were between 2% and 9% cheaper than all rival vendors with low overheads (including those using the Internet as a medium) and between 7% and 34% cheaper than mail order competitors. The profit margins as predicted were low but there was a noticeable increase in trade on these products, and more significantly 137 new customers. Given the success of phase 1 it would be logical to develop this strategy, replacing the product range in phase 2 from adhesives to folders and associated products.

Graphic with text wrap
Fills 40%-60% of column width
Top of graphic aligns within 5mm of top of text

New Customers

Heading style

As mentioned above, the phase 1 marketing strategy introduced 137 new customers to Hothouse Design. The initial profit calculations for this phase would indicate that over the period of the offers we have increased turnover by approximately £67,000 and profits by approximately £2,600. This figure is nowhere near the predicted minimum profit margin of 10% (which should have netted about £6,700) because

of the increased advertising costs attached to the launch of this strategy. These advertising costs (while higher than expected) can be sustained in the short term (probably over the next 2 phases of the strategy), providing they continue to significantly increase our customer base. Should the number of new customers fall below 40 per phase then it is recommended that the strategy be reviewed and if need be revised.

2 columns with 0.8cm spacing
Applied to this paragraph only

Recruitment

Heading style

he rapid growth in business will be the need to recruit new ... rease in ...rted after phase 2 then it is likely that three or four new employees will be required. It would be anticipated that the sales team should increase by either one or two people, warehousing by one full-time employee and dispatch by a full-time member of staff. The effects of this would obviously increase overheads slightly, but the increase in turnover and profit can only be sustained by maintaining our high standards of customer service. With this in mind our turn around time of 24 hours from order to dispatch must be maintained if we are to increase the pressure on our rivals and reduce their market share.

Header on all pages
Name on left
Page numbering on right
Date in centre

It will therefore be necessary to place advertisements in the local and regional press for these three posts, when the final decision on appointments has been taken. If at the time of interviews we decide that there is a need for two sales staff, and there are two (or more) high calibre candidates then it would allow us the flexibility to appoint two candidates rather than one.

Retention

Heading style

The strategy to give each member of the sales team the management of a number of key clients seems to have started paying dividends in terms of their morale and motivation. There has been a perceived greater willingness to develop client's accounts by those sales staff that had previously lacked the motivation that now exists thanks to the financial incentives. This factor alone should mean that problems of retention of sales staff should be minimized as each member of staff now has the ability to generate additional income through internal corporate referral.

Text inserted as heading style at this point

Phase 2

The proposal for the phase 2 focus will be on a range of files and folders.   The profit margins of these carefully selected products have all been reduced to an average mark up of 40%. This compares to the phase 1 mark ups which averaged 15% and 30%. Within these there are some individual products of which we hold a large stock. These products should be the star performers of our advertising campaigns and represent good value for money for the customer. It is anticipated that the star performers in this phase are likely to be those listed below:

1.   Superfine A4 Pockets

Numbered list 1-5
Do not penalise if indented due to software
Do not penalise if additional blank line above or below

2.   Eurofolio A4 Ring Binders Red

3.   Elastic Assorted Folders

4.   1000 Page A4 Transfer Case 100mm

5.   Carrydisc Assorted Folders

Page break inserted here

Product Codes

Heading style

Code	Product
B	Ring Binders
C	Plastic Pockets
D	Transfer Folders
E	Elasticated Files

Table inserted, data from **acb4code.csv**
5 rows, 2 columns
row containing A Carry Flap Folder deleted
style as body text with bold top row
blank line above and below table
line spacing not assessed
gridlines must be shown

Above are the proposed product codes for the selected p[...]
marketing strategy. Below is a comparison of the average profit margin (percentage mark-up) of the products in each of these categories.

Other low cost items with a large profit margin

Affiliate Partnership Accounts

Heading style

We have now launched the affiliate partnership account which offers the same sales incentives to business related websites which will carry links to our offer pages from their websites. This was conceived as a simple and easy way for them to earn money. In the first month though we have only had three enquiries from webmasters and as yet no affiliate partnership accounts have been opened. One of these enquiries was from a website that had direct links to other sites containing inappropriate content so would not have been accepted had they applied. The other two sites were initially checked. It would seem more appropriate to do the initial checking of the websites only after the owners have applied for affiliate membership rather than the current system of checking the site when they show initial interest. We propose to change our procedures in relation to this during the next 4 weeks. The criteria that we decided would be used included that the site should have traffic in excess of 500 unique visitor sessions per day. We have also discovered that whilst we would like to maintain this as a criterion, there is no way that this can be accurately checked given our current levels of technology and resources. We must also be prepared to offer this facility over the next two months and should it prove unpopular with webmasters because of our strict criteria, we should be prepared to cancel this element of the initiative rather than lower our high corporate standards.

Body text
10 point, serif font, left aligned,
no blank line before each paragraph
blank line after each paragraph (10 point)
Must be applied to all paragraphs

Hothouse Design

Office Supplies Marketing Strategy – Phase 2

Evaluation of Phase 1

Phase 1 of the new marketing strategy has been implemented, its focus being on raising corporate awareness of a limited range of products. This range of products was to be priced lower than any of our rivals, which was successfully achieved under phase 1. The products were between 2% and 9% cheaper than all rival vendors with low overheads (including those using the Internet as a medium) and between 7% and 34% cheaper than mail order competitors. The profit margins as predicted were low but there was a noticeable increase in trade on these products, and more significantly 137 new customers. Given the success of phase 1 it would be logical to develop this strategy, replacing the product range in phase 2 from adhesives to folders and associated products.

New Customers

As mentioned above, the phase 1 marketing strategy introduced 137 new customers to Hothouse Design. The initial profit calculations for this phase would indicate that over the period of the offers we have increased turnover by approximately £67,000 and profits by approximately £2,600. This figure is nowhere near the predicted minimum profit margin of 10% (which should have netted about £6,700) because of the increased advertising costs attached to the launch of this strategy. These advertising costs (while higher than expected) can be sustained in the short term (probably over the next 2 phases of the strategy), providing they continue to significantly increase our customer base. Should the number of new customers fall below 40 per phase then it is recommended that the strategy be reviewed and if need be revised.

Recruitment

One effect of the rapid growth in business will be the need to recruit new staff. If the same increase in turnover is reported after phase 2 then it is likely that three or four new employees will be required. It would be anticipated that the sales team should increase by either one or two people, warehousing by one full-time employee and dispatch by a full-time member of staff. The effects of this would obviously increase overheads slightly, but the increase in turnover and profit can only be sustained by maintaining our high standards of customer service. With this in mind our turn around time of 24 hours from order to dispatch must be maintained if we are to increase the pressure on our rivals and reduce their market share.

It will therefore be necessary to place advertisements in the local and regional press for these three posts, when the final decision on appointments has been taken. If at the time of interviews we decide that there is a need for two sales staff, and there are two (or more) high calibre candidates then it would allow us the flexibility to appoint two candidates rather than one.

Retention

The strategy to give each member of the sales team the management of a number of key clients seems to have started paying dividends in terms of their morale and motivation. There has been a perceived greater willingness to develop client's accounts by those sales staff that had previously lacked the motivation that now exists thanks to the financial incentives. This factor alone should mean that problems of retention of sales staff should be minimized as each member of staff now has the ability to generate additional income through internal corporate referral.

Page break inserted and page orientation changed to landscape from this point

Phase 2

The proposal for the phase 2 focus will be on a range of files and folders.   The profit margins of these carefully selected products have all been reduced to an average mark up of 40%. This compares to the phase 1 mark ups which averaged 15% and 30%. Within these there are some individual products of which we hold a large stock. These products should be the star performers of our advertising campaigns and represent good value for money for the customer. It is anticipated that the star performers in this phase are likely to be those listed below:

1. Superfine A4 Pockets

2. Rexel A4 Budget Pockets

3. Eurofolio A4 Ring Binders Red

4. Elastic Assorted Folders

5. 1000 Page A4 Transfer Case 100mm

6. Carrydisc Assorted Folders

Numbered list 1-6
Item 2 – Rexel A4 Budget pockets inserted

Page break removed from here

Product Codes

Code	Product
B	Ring Binders
C	Plastic Pockets
D	Transfer Folders
E	Elasticated Files

Above are the proposed product codes for the selected products which are to be used in phase 2 of the marketing strategy. Below is a comparison of the average profit margin (percentage mark-up) of the products in each of these categories.
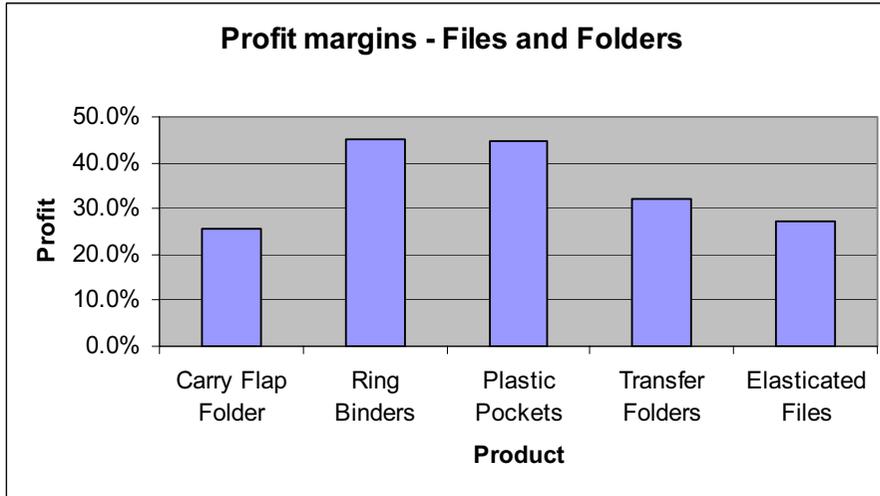
Profit margins - Files and Folders

Chart pasted here
Data must be correct
%Profit calculated on value axis
Product on category axis
No legend
Title and axis labels must be correct
Categories must be product names
(displayed in full)

Other low cost items with a large profit margin

Ref	Type	Description	Offer	Purchase	Profit	%Profit
29701	C	Economy Punched Pkts Pkd 100	1.29	0.16	1.13	87.6%
24405	B	Budget 2 Ring Binder Black	9.49	0.52	8.97	94.5%
24406	B	Budget 2-Ring Binder Blue	9.49	0.52	8.97	94.5%
24407	B	Budget 2-Ring Binder Red	9.49	0.52	8.97	94.5%

Data extract pasted here
Data must be correct
%Profit calculated correctly, 1dp, % format
Searched on Offer <=10 AND %Profit >80%
Sorted on Type (descending) then Ref (ascending)
Retail column deleted
Formatted in body style
Column headings bold
Gridlines not important
Line spacing not assessed

Affiliate Partnership Accounts

We have now launched the affiliate partnership account which offers the same sales incentives to business related websites which will carry links to our offer pages from their websites. This was conceived as a simple and easy way for them to earn money. In the first month though we have only had three enquiries from webmasters and as yet no affiliate partnership accounts have been opened. One of these enquiries was from a website that had direct links to other sites containing inappropriate content so would not have been accepted had they applied. The other two sites were initially checked. It would seem more appropriate to do the initial checking of the websites only after the owners have applied for affiliate membership rather than the current system of checking the site when they show initial interest. We propose to change our procedures in relation to this during the next 4 weeks. The criteria that we decided would be used included that the site should have traffic in excess of 500 unique visitor sessions per day. We have also discovered that whilst we would like to maintain this as a criterion, there is no way that this can be accurately checked given our current levels of technology and resources. We must also be prepared to offer this facility over the next two months and should it prove unpopular with webmasters because of our strict criteria, we should be prepared to cancel this element of the initiative rather than lower our high corporate standards.

Check document for:
No widows/orphans
No isolated headings
Tables remain on a single page
Bulleted and numbered lists remain on a single page

Printout of the second e-mail prepared and ready to send to autoresponder-

Check send to address: **design.h@ucles.org.uk**
Check subject line **ICTCOREX**
Check for attachment present
Could have any file name, check for document or dtp application extensions, zip files etc.

Printout of the file list from candidate's storage area.

Check that the file **ACB4PHAS.TXT** has been deleted.
Check **BACKUP** folder has been created

Check printout includes contents of **BACKUP** folder which should include
ACB4SUP.CSV, **ACB4PHAS.TXT** and **ACB4FOLD.JPG** and a copy of the final
document (may contain others files/versions as well)

Check **FILENAME** is visible for all files
Check **File Size** is visible for all files
Check **Date** and **Time** are visible for all files

CAMBRIDGE INTERNATIONAL DIPLOMA

Advanced Level

MARK SCHEME

MAXIMUM MARK: 100

PAPER: 5201/C

ICT (Core)

Hothouse Design

Office Supplies Marketing Strategy – Phase 3

Evaluation of Phase 2

The continued theme of raising corporate awareness of a limited range of products has worked well in both initial phases of the scheme, even after slightly raising the profit margins and hence relative prices between phase 1 and phase 2. This made the products between 1% and 5% cheaper than all rival vendors with low overheads (including those using the Internet as a medium) and between 3% and 22% cheaper than mail order competitors. The profit margins as predicted were low but there was a continued increase in overall trade and in line with phase 1 this new strategy has intr the success of both phase 1 and phase 2 it would be log strategy. The pre-audit profit calculations for phase 2 w offers we have increased turnover by approximately £5,440. This figure is still down on our predictions again due to the relatively high advertising costs attached to this strategy.

Increase in customer base

The rapid increase in our customer base over the initial phases of this strategy has proved so successful, that we must review our personnel structuring in the Office Supplies division of the company. To this end, we will revise the management committee meeting scheduled for the first Tuesday of next month, deferring the entire agenda until the following meeting and replacing it with discussion on the restructuring of the division. This will also raise potential issues relating to premises, distribution and the search for low-cost high-quality products that can be purchased in bulk to offer as our 'star buys' for each marketing phase.

Advertising contracts

[Heading style]

It will be important to review our advertising procedures if we intend to sustain this marketing strategy, reviewing the range of marketing media, and where appropriate renegotiating advertising costs. To this end the Sales team has employed a consultant, who is a specialist in marketing and the media, to look at these options. The results of this study will be presented to the management committee (in draft form), with the agenda, seven days before the meeting. The full presentation will be delivered in the meeting, but there will be the opportunity to raise any issues relating to this area straight after the presentation. The main focus of this study is to increase our exposure to potential customers whilst reducing the advertising revenue from 30% of our income to 25% of our generated income.

[Text inserted as heading style at this point]

Recruitment

It is anticipated that we will now need to recruit 4 new members of staff as previously noted. These will be two new full-time employees added to the existing sales team, one full-time employee in warehousing and one full-time member of staff in dispatch. This will have an effect on workspace and it is vital that we anticipate continued growth in this area which is likely to require a change of premises, in order to facilitate our future expansion whilst maintaining our high standards of customer service. This would of course lead to an increase in overheads. When this potential expansion is investigated, the primary factors must include the potential for further rapid growth, good transport links and of course low operating costs.

Quality control

We must still maintain our turn around time of 24 hours from order to dispatch, if we are to keep our customers happy, promote further growth and increase the pressure on our rivals, reducing their market share. With this in mind it would be worth considering the enhancement of an existing employee (who knows the business) to a role in quality control. In the initial stages this post would be in addition to their existing responsibilities, especially with the rapidly increasing workload, but their phased replacement (which could occur in any of the departments – depending upon the person appointed) could start as part-time, with a view to becoming full time over the next few months if current sales trends are maintained.

[Heading style]

Phase 3 focus

The proposal for the phase 3 focus will be on a range of binders, files and folders. The profit margins of these carefully selected products have all been reduced to show a mark-up of approximately 36%. This compares to the phase 1 mark-ups which averaged between 15% and 30%, and phase 2 which was 40%. Again individual products, of which we hold a large stock, should be the star performers of our advertising campaigns. The focus should again be good value for money. It is anticipated that the star performers in this phase are likely to be those listed below:

1. A4 Lever Arch File
2. Lever Arch File Spine Labels
3. Laminated Lever Arch Files

[Numbered list 1-5
Do not penalise if indented due to software
Do not penalise if additional blank line above or below]

4.   9 Part Organiser Files
5.   Square Cut Folders

Heading style

Product codes

Code	Product
A	Presentation Binder
B	Organiser Files
D	Lever Arch Files
E	Square Cut Folders

Above are the proposed product codes for the selected
of the marketing strategy. Below is a comparison o
mark-up) of the products in each of these categories.

High profit margin products

Heading style

Affiliate Partnership Accounts

We have now launched the affiliate partnership account which offers the same sales incentives to business-related websites which will carry links to our offer pages from their websites. This was conceived as a simple and easy way for them to earn money. In the first month though we have only had three enquiries from webmasters and as yet no affiliate partnership accounts have been opened. As stated in the last month's report it would seem more appropriate to do the initial checking of the websites, only after the owners have applied for affiliate status rather than the current system of checking the site when they show initial interest. We changed the checking based on this until after the websites had applied for Affiliate Partnership Accounts. In the past month we have had no websites showing interest in this facility. In an effort to cut costs we have therefore decided to shelve this initiative. We have left the advertising for it in place (as this had to be pre paid in advance), but will not be actively recruiting as in the previous two phases. If there is no uptake from this advertising, then the scheme will be terminated. Any contracts which are initiated during this phase will however be honoured in full.
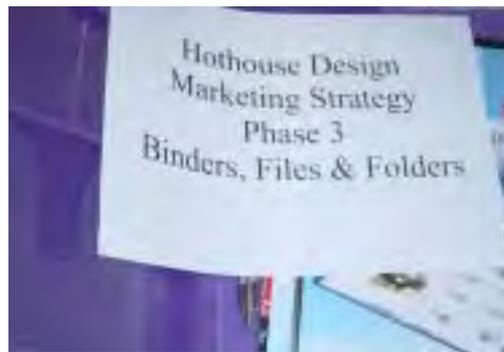
Hothouse Design

Office Supplies Marketing Strategy – Phase 3

Evaluation of Phase 2

The continued theme of raising corporate awareness of a limited range of products has worked well in both initial phases of the scheme, even after slightly raising the profit margins and hence relative prices between phase 1 and phase 2. This made the products between 1% and 5% cheaper than all rival vendors with low overheads (including those using the Internet as a medium) and between 3% and 22% cheaper than mail order competitors. The profit margins as predicted were low but there was a continued increase in overall trade and in line with phase 1 this new strategy has introduced us to 128 new customers. Given the success of both phase 1 and phase 2 it would be logical to continue the development of this strategy. The pre-audit profit calculations for phase 2 would indicate that over the period of the offers we have increased turnover by approximately £74,000 and profits by approximately £5,440. This figure is still down on our predictions again due to the relatively high advertising costs attached to this strategy.

Increase in customer base

The rapid increase in our customer base over the initial phases of this strategy has proved so successful, that we must review our personnel structuring in the Office Supplies division of the company. To this end, we will revise the management committee meeting scheduled for the first Tuesday of next month, deferring the entire agenda until the following meeting and replacing it with discussion on the restructuring of the division. This will also raise potential issues relating to premises, distribution and the search for low-cost high-quality products that can be purchased in bulk to offer as our 'star buys' for each marketing phase.

Advertising contracts

It will be important to review our advertising procedures if we intend to sustain this marketing strategy, reviewing the range of marketing media, and where appropriate renegotiating advertising costs. To this end the Sales team has employed a consultant, who is a specialist in marketing and the media, to look at these options. The results of this study will be presented to the management committee (in draft form), with the agenda, seven days before the meeting. The full presentation will be delivered in the meeting, but there will be the opportunity to raise any issues relating to this area straight after the presentation. The main focus of this study is to increase our exposure to potential customers whilst reducing the advertising revenue from 30% of our income to 25% of our generated income.

Recruitment

It is anticipated that we will now need to recruit 4 new members of staff as previously noted. These will be two new full-time employees added to the existing sales team, one full-time employee in warehousing and one full-time member of staff in dispatch. This will have an effect on workspace and it is vital that we anticipate continued growth in this area which is likely to require a change of premises, in order to facilitate our future expansion whilst maintaining our high standards of customer service. This would of course lead to an increase in overheads. When this potential expansion is investigated, the primary factors must include the potential for further rapid growth, good transport links and of course low operating costs.

Quality control

We must still maintain our turn around time of 24 hours from order to dispatch, if we are to keep our customers happy, promote further growth and increase the pressure on our rivals, reducing their market share. With this in mind it would be worth considering the enhancement of an existing employee (who knows the business) to a role in quality control. In the initial stages this post would be in addition to their existing responsibilities, especially with the rapidly increasing workload, but their phased replacement (which could occur in any of the departments – depending upon the person appointed) could start as part-time, with a view to becoming full time over the next few months if current sales trends are maintained.

Phase 3 focus

The proposal for the phase 3 focus will be on a range of binders, files and folders. The profit margins of these carefully selected products have all been reduced to show a mark-up of approximately 36%. This compares to the phase 1 mark-ups which averaged between 15% and 30%, and phase 2 which was 40%. Again individual products, of which we hold a large stock, should be the star performers of our advertising campaigns. The focus should again be good value for money. It is anticipated that the star performers in this phase are likely to be those listed below:

1. A4 Lever Arch File
2. Lever Arch File Spine Labels
3. Elite 70 Lever Arch File
4. Laminated Lever Arch Files
5. 9 Part Organiser Files
6. Square Cut Folders

Numbered list 1-6
Item 3- Elite 70 Lever Arch File inserted

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Product codes

Code	Product
A	Presentation Binder
B	Organiser Files
D	Lever Arch Files
E	Square Cut Folders

Above are the proposed product codes for the selected products which are to be used in phase 3 of the marketing strategy. Below is a comparison of the average profit margin (percentage mark-up) of the products in each of these categories.

Average Profit Margins

Profit

80.0%
70.0%
60.0%
50.0%
40.0%
30.0%
20.0%
10.0%
0.0%

Presentation Binder | Organiser Files | Lever Arch Spine Labels | Lever Arch Files | Square Cut Folders
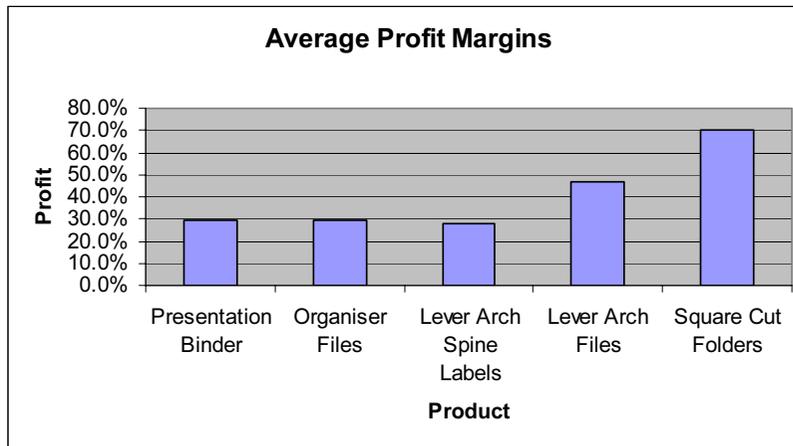
Product

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Title and axis labels must be correct
Categories must be product names (displayed in full)

High profit margin products

Ref	*Type*	*Description*	*Offer*	*Purchase*	*Profit*	*%Profit*
29746	E	Square Cut Folder 270gsm Foolscap Red	6.49	1.68	4.81	74.1%
29745	E	Square Cut Folder 270gsm Foolscap Grey	6.49	1.68	4.81	74.1%
29744	E	Square Cut Folder 270gsm Foolscap Pink	6.49	1.68	4.81	74.1%
29743	E	Square Cut Folder 270gsm Foolscap Yellow	6.49	1.68	4.81	74.1%
29742	E	Square Cut Folder 270gsm Foolscap Orange	6.49	1.68	4.81	74.1%
29741	E	Square Cut Folder 270gsm Foolscap Green	6.49	1.68	4.81	74.1%
29740	E	Square Cut Folder 270gsm Foolscap Buff	6.49	1.68	4.81	74.1%
29739	E	Square Cut Folder 270gsm Foolscap Blue	6.49	1.68	4.81	74.1%
29749	D	A4 Lever Arch File Cloud	6.99	1.60	5.39	77.1%
29748	D	Foolscap Lever Arch File Cloud	6.99	1.60	5.39	77.1%

Affiliate Partnership Accounts

We have now launched the affiliate partnership account which offers
links to our offer pages from their websites. This was conceived as a
though we have only had three enquiries from webmasters and as yet no
last month's report it would seem more appropriate to do the initial checki
status rather than the current system of checking the site when they show i
the websites had applied for Affiliate Partnership Accounts. In the past m
an effort to cut costs we have therefore decided to shelve this initiative. We
in advance), but will not be actively recruiting as in the previous two phase
be terminated. Any contracts which are initiated during this phase will how

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Data must be correct
%Profit calculated correctly
Searched on Offer >5 AND %Profit >74%
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Gridlines not important

Check document for:
No widows/orphans
No isolated headings
Tables remain on a single page
Bulleted and numbered lists remain on a single page

Printout of the second e-mail prepared and ready to send to autoresponder-

Check send to address: **design.h@ucles.org.uk**
Check subject line **ICTCOREX**
Check for attachment present
Could have any file name, check for document or dtp application extensions, zip files etc.

Printout of the file list from candidate's storage area.

Check that the file **ACC4PHAS.TXT** has been deleted.
Check **BACKUP** folder has been created

Check printout includes contents of **BACKUP** folder which should include
ACC4SUP.CSV, **ACC4PHAS.TXT** and **ACC4HD.JPG** and a copy of the final
document (may contain others files/versions as well)

Check **FILENAME** is visible for all files
Check **File Size** is visible for all files
Check **Date** and **Time** are visible for all files