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

MARKETING	5174/01
Optional Module	October 2007
	2 hours plus 15 minutes reading time

Additional Materials: Answer Booklet/Paper

READ THESE INSTRUCTIONS FIRST

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.

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.

UNIVERSITY *of* **CAMBRIDGE**
International Examinations

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You must read the case study below and attempt all the tasks which follow.
(The following Case Study is fictitious.)

DREAMLAND

In the past Hong Kong has been attractive for tourists looking for a taste of the East, but with the comforts of the West. More recently it has been a destination for visitors from the rest of China seeking an experience of Western culture in their own country. And all along, Hong Kong has remained one of the world's most spectacular cities.

So will the arrival of the most successful American theme park - Dreamland - in September have any real effect on the city's fortunes? Hong Kong officials and Dreamland are investing nearly US$3.5 billion[1] to ensure that it will. With its familiar Dreamland mix of the Fairytale Castle, Action-land, Wish-land, and other similar attractions, the theme park "will bring a lot of tourists to Hong Kong, especially families," says Chen Long, a music celebrity who is Dreamland's main supporter in China.

There is little doubt that the park will boost tourism. According to the Hong Kong Tourism Board more than 1.4 million visitors will come to Hong Kong Dreamland from the rest of China in the first year. Last year some 22 million tourists from around the world visited the city. However, the park isn't going to become a success overnight. Its projected attendance of 5.6 million in its first year will position it as the poorest performer among Dreamland's 11 theme parks worldwide.

By comparison, the other four parks in Orlando USA had 40.5 million visitors last year, while Tokyo Dreamland and Tokyo DreamSea together attracted 25.4 million. Dreamland, however, says it is more important to get things right at the beginning, and then to work on attracting more visitors. "As attendance grows, we can expand quickly," says Tom Johnson, Hong Kong Dreamland's group Marketing Director. "There's plenty of room for expansion near the 126-hectare park" he says, predicting eventual attendance of about 10 million visitors a year.

However, some critics say Hong Kong is overspending on the theme park. Dreamland will invest US$316 million for a 43% stake. The Hong Kong government, by contrast, will get 57%, but it will invest more than US$2.9 billion towards the park and infrastructure improvements related to it. "Dreamland is getting a very good deal," says John Lock, a professor of tourism at Hong Kong's Polytechnic University. "It has made 10% of the investment for a 43% share of the profits." However, he questions whether Dreamland can keep the park full. A day pass for a typical family of two parents and one child will start at US$103 – "a relatively high sum for the local market," Lock said.

You have recently been appointed by Dreamland Hong Kong as an independent Marketing Consultant because of your local knowledge. You will report to the Marketing Director.

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[1]Amounts stated in US dollars.

You must attempt ALL of the following tasks.

1 You have been asked by the Marketing Director of Dreamland Hong Kong to produce a report for the Senior Management. The report should include the following information:

    (a) A definition of the 'marketing concept'. **[5]**

    (b) Reasons why marketing is important to Dreamland Hong Kong. Support your answer with **three** relevant examples. **[10]**

    (c) An explanation of the term 'customer orientation'. **[5]**
    [Total: 20]

2 The Senior Management of Dreamland Hong Kong have allocated a small budget to fund any marketing research needed.

    (a) Define the term 'marketing research'. **[5]**

    (b) Explain **five** reasons why Dreamland should conduct marketing research. **[15]**
    [Total: 20]

3 The Marketing Director at Dreamland Hong Kong has asked you to produce a memo for the junior staff members of the Marketing Department, who have limited knowledge of consumer behaviour.

    (a) Explain the stages of the consumer buying decision making process. **[10]**

    (b) Explain, using examples from the Case Study, why it is important for Dreamland Hong Kong to understand consumer buying behaviour. **[10]**
    [Total: 20]

4 The Senior Management of Dreamland Hong Kong have no direct experience of devising and implementing a marketing plan. Prepare a memo for the Senior Management, which explains the following:

    (a) the 'marketing audit'; **[8]**

    (b) 'SMART' objectives; **[4]**

    (c) **two** strategic marketing models which could be used to help develop a marketing strategy.**[8]**
    [Total: 20]

5 Prepare a report suggesting an appropriate marketing mix for Dreamland Hong Kong for the first six months of operation. **[20]**

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