



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

MARKETING

5164/01

Optional Module

October 2008

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.



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

(The case study is fictitious.)

BUILDING SUPPLIES COMPANY

Marco and Delfina have run their family business, Building Supplies Company, providing supplies to local builders and craftsmen for the past six years. Delfina is quite happy continuing in the style of business their father operated – that is as a local supplier, who knows most of their customers personally and has developed good relationships over time. Marco, however, has big plans to expand across the border into Singapore and grow the business significantly. 5

Marco has been to Singapore several times on what he refers to as 'research trips'. He thinks that he has found suitable premises and says that they will only need a small bank loan to get the stock they need. Delfina did a marketing course at college and is very worried that her brother is rushing into decisions that they should both be involved in, and that things are moving much too quickly. They haven't done any real research and she is aware that they need to check to see if their potential customers' needs will be the same as their current customers' needs. 10

Marco justifies his wish to expand into Singapore because of the investment the government there is putting into new building programmes over the next 10 years. The government recently announced that some of the government owned housing will be replaced and that other buildings will be renovated over the next few years. The economic outlook is also very good in Singapore. 15

In their current location they have been selling a portfolio of products at premium prices to builders who are involved in the luxury property market. Delfina hadn't realised at the time but what they had done was to segment their market and to sell pro-actively to customers in that particular market place and so increase their profits.

Delfina has been carrying out some secondary research while Marco has been away. By consulting a number of sources Delfina has discovered the following facts: 20

- They would face exactly the same competitors in Singapore as in their current market.
- The investment in building in Singapore will go ahead. However, it is to provide low priced housing and so the investment will go to a different segment than the one that the company currently targets. 25
- One of their larger competitors already has very good relationships with the builders and craftsmen that operate at the high value end of the market in Singapore.
- There are government grants available to small businesses such as theirs that are moving into Singapore at the current time.

Marco and Delfina have arranged to meet this evening to talk through all the plans. They will need to recruit more staff and put together a marketing plan. Delfina knows that there are many marketing decisions to be made, and she needs to convince Marco to carry out some primary research. She also knows that their current business could be put at risk if they expand too far and too fast. 30

You must attempt ALL of the following tasks.

- 1 One of Delfina's concerns is that their current customers may be neglected if they expand into Singapore.
- (a) Explain the term 'relationship marketing'. [4]
- (b) Explain **four** benefits that relationship marketing could offer to Building Supplies Company. [4 x 4 = 16]
[Total: 20]
- 2 The company needs to carry out market research before deciding on the expansion.
- (a) List the **five** stages of the marketing research process. [5]
- (b) Explain **three** sources of secondary data that could be used to provide the company with more detailed information before they make their final decision about the expansion. [3 x 5 = 15]
[Total: 20]
- 3 Delfina has suggested that they run some focus groups to find out how potential customers in Singapore will feel about their products. Marco prefers to use questionnaires as they are cheaper.
- (a) (i) Compare focus groups and questionnaires as research methods. [4]
- (ii) Explain **three** advantages of **each**. [6]
- (b) Define the term 'segmentation'. [4]
- (c) Describe **one** of the segments that Building Supplies Company can target. [6]
[Total: 20]
- 4 (a) Identify **two** economic factors that have driven Marco's decision to expand internationally. [2 x 2 = 4]
- (b) Delfina is writing a marketing plan. Explain the following stages of the planning process:
- (i) SWOT analysis [4]
- (ii) objectives [4]
- (iii) marketing mix [4]
- (iv) control issues [4]
[Total: 20]
- 5 (a) Delfina and Marco might target the lower value market place of builders and craftsmen in Singapore. Recommend a **promotional** mix for this target segment. [15]
- (b) Suggest **one** way in which the **product** element of the marketing mix might have to be changed in line with the market research results. (**Lines 22- 29 in the case study**) [5]
[Total: 20]

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