

UNIVERSITY OF CAMBRIDGE INTERNATIONAL EXAMINATIONS
Cambridge International Diploma Standard Level

MARK SCHEME for the October 2011 question paper
for the guidance of teachers

CAMBRIDGE INTERNATIONAL DIPLOMA IN BUSINESS
5164 Marketing, maximum mark 100

This mark scheme is published as an aid to teachers and candidates, to indicate the requirements of the examination. It shows the basis on which Examiners were instructed to award marks. It does not indicate the details of the discussions that took place at an Examiners' meeting before marking began, which would have considered the acceptability of alternative answers.

Mark schemes must be read in conjunction with the question papers and the report on the examination.

- Cambridge will not enter into discussions or correspondence in connection with these mark schemes.

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Across the whole Paper, examiners should accept any examples given which are suitably justified.

Generally: *(marks shown relate to a task of 10 marks)*

Level 1 answers will leave the examiner to 'fill the gaps'. The answer will show little evidence of understanding of theory, simply listing terms and failing to explain them in a marketing context. (1–3 marks)

Level 2 answers will be adequate answers that attempt to bring together theory and practice. Evidence of understanding is limited and the use of the context restricted. (4–5 marks)

Level 3 answers will combine theory and practice in an effective manner. It is not a Level 4 answer because it fails to apply the theory as effectively and/or is not as realistic/relevant as it might be. (6–8 marks)

Level 4 answers will be rare, and will be exceptional, bringing together theory and practice in a professional manner. The answer will demonstrate an understanding of theory used effectively in the context of marketing and the circumstances described. (9–10 marks)

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1 Royal Satin understands the importance of marketing and puts many marketing techniques into practice.

(a) Define the term marketing. [5]

Marketing is the relationship between the seller and the buyer, it is used to meet and anticipate the needs of the customer, it facilitates exchanges and identifies that the customer is important to all organisations and is the focus of all employees of an organisation. (5 marks)

(b) Explain the following marketing activities from the case study and how each contributes to the company's objectives.

(i) New product development [5]

New product development is a process that facilitates the introduction of products and services to the market and contributes to objectives by:

- Giving competitive advantage through innovation
- Continuing to meet customers' changing needs
- Replacing out-dated products in the portfolio
- Helping improve profitability

(2 marks for explanation and 3 marks for valid ways it can contribute to objectives)

(ii) Public relations [5]

Public relations is about the reputation of the company. It is about managing a mutual understanding between the organisation and its publics/stakeholders. These include customers, employees, funders/financiers, government, pressure groups, regulators. It can contribute to objectives by:

- Creating goodwill from the 'green' project
- Managing relationships with all stakeholders so that positive word of mouth is generated
- Can help generate continuing public interest in the brand and the company
- Can help deal with any crisis that might arise

(2 marks for explanation and 3 marks for valid ways it can contribute to objectives)

(iii) Maintaining brand values [5]

Maintaining brand values is about ensuring that whatever the company does is aligned to the brand values of 'quality', 'family friendly' and 'affordable'. It can contribute to company objectives by:

- Making sure that customers recognise the brand and keep buying
- Making sure the brand does not disappoint customers and cause complaints
- Making it more likely that customers will become advocates of the brand and increase positive word of mouth

(2 marks for explanation and 3 marks for valid ways it can contribute to objectives)

[Total: 20]

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2 Royal Satin has carried out marketing research into their customers' views on climate change.

(a) Define the term marketing research. [4]

Marketing research is the **process of systematic gathering, recording and analysing of data about customers, competitors and the market.**

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|---------------------------------------|----------|
| Gathering | (1 mark) |
| Recording | (1 mark) |
| Analysing | (1 mark) |
| Customers, competitors and the market | (1 mark) |

(b) Explain three research methods that Royal Satin might have used. [3 × 4 = 12]

Answers to this may vary and any acceptable methods should be given marks. The three most appropriate are:

- Focus groups of existing customers to check out attitudes to climate change
- Email questionnaire to existing customers to discover awareness of climate change and attitudes
- Secondary research of consumer trends in buying eco-friendly versions of products

(c) Explain two differences between primary and secondary research. [2 × 2 = 4]

Primary research methods obtain first-hand information for a specific purpose and is often referred to as field research. (2 marks)

Secondary research methods involve the collection of data which already exists and was originally collected for a different purpose. (2 marks)

(2 × 2 = 4 marks)

[Total: 20]

3 Royal Satin sells its products to personal consumers.

(a) Explain two reasons why segmentation is important. [2 × 4 = 8]

Answers to this will vary:

- It enables more effective targeting of the marketing mix avoiding risk
- It helps save money through targeting resources
- It helps build customer relationships through a greater understanding
- Aids entry to new markets, enabling growth

(4 marks for each of two of the above points, suitably expanded)

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(b) Explain the demographic method of segmenting consumers. [6]

Demographic segmentation involves categorising them by age, gender, family size, family life-cycle stage, income, occupation, education, ethnicity, religion or nationality. Examples from the Case Study include the fact that Royal Satin produces shower gels for children, men and women, segmenting by age and gender.

(4 mark for explanation, 2 marks for example = 6 marks)

(c) Identify three sources of secondary data that would help Royal Satin segment their market demographically [3 × 2 = 6]

Three sources of secondary data that would help segment demographically would be:

- Government statistics
- Internal sales data
- Registrations for age-related promotions on their website

(Answers to this may vary – any relevant sources can be awarded 2 marks each – 3 × 2 = 6)

[Total: 20]

4 You have been asked to work with the project team looking at green issues. You will be putting together a marketing plan to communicate the team's activities.

(a) Explain which of the PEST factors would include the fact that there is a trend towards caring about the environment and climate change. [4]

In PEST this trend would be a social trend and so fall under the S. It might be identified through government statistics (if the government want to know the attitude of the general public) or by customer feedback about products – e.g. customer questions about packaging or contents of products. However, marks can be awarded to other elements of PEST if suitable justified. (4 marks)

(b) Objective – 'To increase awareness of Royal Satin's green initiative within Europe to 20% by the end of December 2012'

Explain which parts of the SMART objective stated above make it:

(i) Specific [2]

Specific in that it is about increasing awareness of the green initiative in Europe.

(ii) Measurable [2]

Measurable – awareness levels should reach 20%.

(iii) Achievable [2]

Achievable – in that considerable funds are being invested in the project.

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(iv) **Relevant** [2]

Relevant – because the Board is keen about green issues and climate change.

(v) **Time-related** [2]

Timed – by the end of December 2012.

(c) Explain **two** ways that might be used to measure progress towards this objective. [2 × 3 = 6]

There are several ways that progress can be checked:

- Measure level of awareness now and then measure periodically between now and December 2012 with the same sample
- Measure different tactics within the campaign against their own objectives e.g. checking the readership of a magazine that carries a press release about the initiative to measure awareness after publication
- Include a question in customer satisfaction surveys about perceived level of eco-friendliness of products

(3 marks for each of two appropriate measurements = 6 marks)

[Total: 20]

5 (a) Explain the elements of the **marketing communications mix** (promotional) with examples of how each would apply to Royal Satin's 'Explode into Colours' range. [5 × 3 = 15]

The five elements of the marketing communications mix are:

- Advertising – mass communication on brand and separate products
- Public relations – communications with publics/stakeholders
- Direct Marketing – personalised and targeted mailings or email campaigns. Digital marketing also relevant.
- Sales Promotion – special offers and promotions and competitions
- Personal selling – face to face personal communication

(5 marks for identifying each element and 5 marks for generic examples) (10 marks)

Level 3 and 4 candidates will describe each element in the context of the Case Study – up to five marks can be awarded.

- Advertising – mass communication on brand and separate products on TV and in family magazines. TV particularly relevant as will show the colour change in strong visual.
- Public relations – communications with publics/stakeholders. This will include work with opinion leaders. Special press conferences and communication with organisations such as Greenpeace.
- Direct Marketing – personalised and targeted mailings and email campaigns on new product range and green initiative. Special sections of the website will carry the TV advert and competitions, special offers, etc.
- Sales Promotion – linked with direct marketing above. Free samples can be offered via email campaigns and also in supermarkets.
- Personal selling – in this case it will be key account management with major supermarkets and healthcare stores. (5 marks)

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(b) Explain how the product element of the marketing mix for Royal Satin is kept up to date through innovation. [5]

- The company is recognised for its innovative approach. (1 mark)
- They regularly develop new product ranges – the New Product Development process gone through is idea generation, idea screening, concept testing, business analysis, product development, test marketing, commercialisation and launch. (2 marks)
- They are combining research and development looking for new and exciting ideas with checking changing customer needs (e.g. green trends). (2 marks)

[Total: 20]