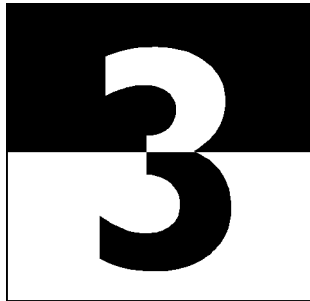


Certificate in
Marketing



Level 3

Series 2 2003

(Code 3025)

Model Answers

(UK Accreditation No: 100/1603/X)

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Certificate in Marketing Level 3

Series 2 2003

How to use this booklet

Model Answers have been developed by LCCIEB to offer additional information and guidance to Centres, teachers and candidates as they prepare for LCCIEB examinations. The contents of this booklet are divided into 3 elements:

- (1) Questions – reproduced from the printed examination paper
- (2) Model Answers – summary of the main points that the Chief Examiner expected to see in the answers to each question in the examination paper, plus a fully worked example or sample answer (where applicable)
- (3) Helpful Hints – where appropriate, additional guidance relating to individual questions or to examination technique

Teachers and candidates should find this booklet an invaluable teaching tool and an aid to success.

The London Chamber of Commerce and Industry Examinations Board provides Model Answers to help candidates gain a general understanding of the standard required. The Board accepts that candidates may offer other answers that could be equally valid.

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Certificate in Marketing Level 3

Series 2 2003

QUESTION 1 (Compulsory)

Athena is a large manufacturer of tractors and other agricultural machinery in your country. You have recently been appointed Marketing Director for the company. Show in *outline* how you would use **any 5 Ps** of the extended marketing mix to devise your:

(a) marketing strategy for the next 2 to 7 years (10 marks)

(b) marketing tactics to pursue this strategy over the next 12 months. (10 marks)

(Your answers must relate to and be relevant for the subject of this question)

(Total 20 marks)

Model Answer to Question 1

Element	(a) Strategy	(b) Tactics
Product	<p>To improve the fuel economy of all our tractors to 20 miles per gallon by Jan 2005.</p> <p>To extend our range of agricultural machinery to cover all aspects of farming by March 2008.</p>	<p>To begin product development of a new tractor engine by Dec 2003.</p> <p>To launch a new corn thresher in June 2003.</p> <p>To evaluate competitors' products for an increase in product portfolio during 2003.</p>
Price	<p>To be regarded as the best value for quality supplier in the industry by Dec 2006.</p> <p>To move to premium pricing policy in line with the projected brand image by Jan 2008.</p>	<p>Introduce extended credit terms for major capital purchases by Dec 2003.</p> <p>Introduce lease purchase during 2003.</p> <p>Introduce part exchange facilities for older equipment to offset prices by June 2003.</p>
Place	<p>To have established major sales and service centres throughout the country by Dec 2006.</p> <p>To have entered international markets with established agents and distributors by June 2005.</p>	<p>To introduce on-site service centres in our existing depots by Jan 2004.</p> <p>To locate and secure sites for our first 2 new depots by Jan 2004.</p> <p>Locate and secure the services of our first international agent by Dec 2003.</p>
Promotion	<p>To have established Athena as the leading brand name in agricultural machinery in country by Dec 2006.</p> <p>To have established the Athena brand of agricultural machinery in at least 10 international markets by Dec 2009.</p>	<p>Introduce intensive trade advertising in agricultural related publications during 2003.</p> <p>Attend all national agricultural exhibitions beginning in 2003.</p> <p>Increase sales force by 50% by Jan 2004.</p> <p>Become involved with sponsorship of some farming related charity by Dec 2003.</p>
People	<p>To have all staff fully trained in service operations and product knowledge by Jan 2005.</p> <p>To have a national and international team of fitters and mechanics available 7 days a week by Dec 2005.</p>	<p>Introduce an in-house training scheme for all staff during 2003.</p> <p>Begin recruitment of additional fitters and mechanics by June 2003.</p> <p>Introduce service quality controls and staff evaluation during 2003.</p>
Process	<p>To be perceived as the most efficient company for customer service in the country by Jan 2006.</p> <p>To ensure that all orders are processed and completed within 5 working days by Dec 2005.</p>	<p>To introduce computer systems to speed up and ensure accuracy of sales function by Dec 2003.</p> <p>Introduce JIT systems for production and stock replenishment during 2003.</p>
Physical evidence	<p>All company vehicles and external communications to promote corporate identity by Jan 2006.</p> <p>All sales and service centres to be of standardised design with identical facilities by Dec 2007.</p>	<p>Begin re-designing corporate identity during 2003.</p> <p>Introduce staff uniforms by June 2003.</p> <p>Begin refurbishment of all existing centres in line with new corporate identity in March 2004.</p>

QUESTION 2

Write a **report** to your Managing Director briefly explaining:

- (a) the role and function of each member of an industrial decision making unit (DMU) (8 marks)
- (b) why knowledge of each role is important to the Marketing Department (4 marks)
- (c) the marketing tactics required in dealing with such roles. (6 marks)

(2 marks for report format, 18 marks for content)

(Total 20 marks)

Model Answer to Question 2

To: Managing Director
From: A Candidate
Date: 4 April 2003
Subject: **Industrial decision making unit**

1 Industrial DMU roles are:

- 1.1 Starter (or initiator) – this is the person who begins the entire process by identifying a need.
- 1.2 Advisor – the person who will give (or be asked for) advice.
- 1.3 Decision maker – the person (or group of people) who will make the eventual decision to buy, or not.
- 1.4 Purchaser – the person who places the order.
- 1.5 End user – the person (or persons) who will be the eventual users of the purchase.
- 1.6 Gate keeper – the person who controls access to other members or possibly the flow of information.
- 1.7 Financier – the person who is responsible for the payment of the purchase, probably accounts department.

2 Importance to marketing department:

- 2.1 To identify gate keeper and their level of importance.
- 2.2 To identify the advisors and the type, level and importance of the advice offered.
- 2.3 To identify eventual decision maker, or if a group decision, who is the major force in the decision unit and the level of their importance.

3 Marketing tactics:

- 3.1 Dependent on the type of product or service sold each different role may have major significance on an eventual purchase and the type of marketing tactics employed.
 - 3.1.1 A routine re-buy situation (consumables, well established raw materials etc) then major role is that of the purchaser (the buyer) who will be little more than an order placer and it is likely to be enough to keep them informed of product modifications and pricing structures through direct mail or telephone contact via sales department or sales personnel.

Gate-keeper has no influence.

Model Answer to Question 2 continued

- 3.1.2 A modified re-buy (when the organisation might be considering a change to a new supplier, or a change in the actual product purchased) then advisors and deciders become more important. They need to be contacted and an appropriate presentation or representation made to them. Trade advertising, trade exhibitions and direct sales force contact is important. Getting past the gate keeper becomes more important to ensure you reach the right people so ideally prearranged appointments for the sales force are the ideal.
- 3.1.3 A new buy (buying for the very first time). Identifying and getting past the gate keeper is essential. Knowledge of advisors is very important and identifying the decision maker is also very important. The role of the advisor is paramount as it may well be the result of their input that decides the purchase decision. The financier assumes major importance in respect of major capital purchases and a presentation of cost benefits may be required to gain their support. Use of trade advertising, exhibitions, direct sales force, price negotiations, credit terms and after sales service is of major importance in this market.
- 3.1.4 For technical products then invariably it will be the advisors and end users who will have most of the influence as they will be primarily concerned in the use of the purchase. Deciders may simply follow their advice subject to possible influence from financier. Detailed product information and specifications will be needed in the form of direct communications, advertising in specialist technical press and extensive use of press releases and public relations activities.

QUESTION 3

Draw a simple diagram and provide a brief explanation of the distribution channel for **each** of the following:

(a) a manufacturer of washing powder (5 marks)

(b) a banana plantation that exports its entire production (5 marks)

(c) a manufacturer of cement mixers (5 marks)

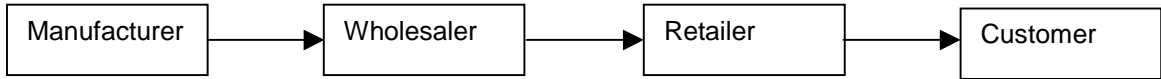
(d) a ladies hairdressing and beauty salon. (5 marks)

(2 marks are awarded for the diagram and 3 marks for the explanation)

(Total 20 marks)

Model Answer to Question 3

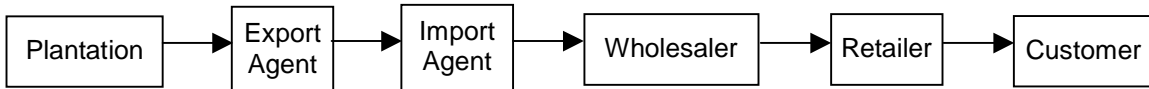
(a) Manufacturer of washing powder



(Will also accept manufacturer to retailer to customer)

Manufacturer will supply in bulk to wholesaler (or retailer) who will break bulk, and sell on to retailer (or customer). The retailer then sells to the customer.

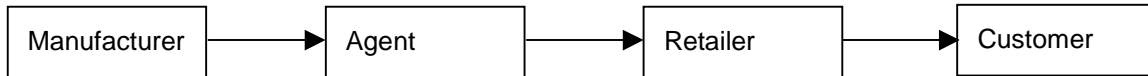
(b) Banana plantation exporting all produce (the most likely channel)



(For this answer candidates should include least one agent (either import or export). The omission of the wholesaler in the channel is also acceptable.)

The plantation ships their produce (or it is collected) by the agent who arranges transport to the other country. The importing agent arranges collection of the produce and distributes it to the wholesaler (or retailer).

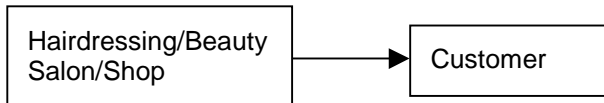
(c) Manufacturer of cement mixers



This would be a normal channel, but the omission of the retailer would also be acceptable.

Manufacturer supplies to a manufacturers' agent (or may even be their own agency) who will then supply to the retailer or directly to the customer.

(d) A ladies hairdressing and beauty salon



This is the only possible channel that can exist as explained below.

The salon/shop provides a personal service which requires the presence of the customer for the service to be performed. Accordingly the only channel of distribution has to be from the supplier (the shop) to the customer directly.

QUESTION 4

Write **a report** to your Managing Director briefly explaining:

- (a) the role of personal selling in the promotional mix (3 marks)
- (b) the role of a key account manager (3 marks)
- (c) **3 input** and **3 output** measures of sales force effectiveness (9 marks)
- (d) **3 methods** of remuneration for a sales force. (3 marks)

(2 marks for report format, 18 marks for content)

(Total 20 marks)

Model Answer to Question 4

To: Managing Director
From: A Candidate
Date: 4 April 2003
Subject: **Aspects of personal selling**

- (a) 1 The role of personal selling in the promotional mix:
- 1.1 The role of personal selling is to provide a face to face interaction between the organisation and its actual or potential customers.
 - 1.2 The purpose being to inform, persuade, remind or reassure the customer to take a particular course of action in line with the organisation's requirements and objectives or to confirm the actions they have already taken were the right ones.
 - 1.3 Sales personnel allow for the establishment of mutually satisfying relations between the parties in an effort to secure ongoing repeat business as well as being able to sort out queries, problems and complaints.
- (b) 2 The role of a key account manager:
- 2.1 A key account manager is usually a senior position within a sales force.
 - 2.2 As such they have responsibility for servicing one or more major accounts that might provide a considerable amount of revenue to the organisation.
 - 2.3 They will try to establish and maintain a strong relationship with a client through regular contact, product information, dealing with potential problems and liaison with accounts department.
- (c) 3 Measures of sales force effectiveness:
- 3.1 Input methods:
 - 3.1.1 Amount of selling calls made
 - 3.1.2 Number of quotations given
 - 3.1.3 Number of prospecting calls made
 - 3.2 Output methods:
 - 3.2.1 Number of orders received
 - 3.2.2 Value of orders received
 - 3.2.3 Number of new accounts opened
- (d) 4 Methods of remuneration include:
- 4.1 Salary only
 - 4.2 Commission only
 - 4.3 Salary and commission

(Candidates may also include such aspects as free health care, non-contributory pensions, mobile phone, laptop computers etc as aspects of a remuneration package.)

QUESTION 5

Write **a report** to your Production Director briefly explaining:

- (a) the components of the family life cycle (FLC) (4 marks)
- (b) the importance of the family life cycle to marketing (6 marks)
- (c) what is meant by **targeting** (4 marks)
- (d) the need for customer profiling. (4 marks)

(2 marks for report format, 18 marks for content)

(Total 20 marks)

Model Answer to Question 5

To: Production Director
From: A Candidate
Date: 4 April 2003
Subject: **The family life cycle, targeting and profiling**

(a) 1 The family life cycle:

1.1 This is an aspect of demographic segmentation and refers to the make up of families at different stages of adult life.

It has such categories as:

- 1.1.1 Singles
- 1.1.2 Newly married
- 1.1.3 Married with young children
- 1.1.4 Married with older children
- 1.1.5 Married with children grown up and left home
- 1.1.6 Sole survivors (when one partner has passed on)

1.2 At each stage of the cycle, purchase requirements and products bought will differ.

(b) 2 The family life cycle is important to marketers because:

- 2.1 Need to track population statistics
- 2.2 Will impact of production planning for the future
- 2.3 Can identify potential new products for each stage
- 2.4 Customer preferences/requirements change with family status
- 2.5 Growth in service industries for ageing population
- 2.6. The respective influences within the family group on purchasing behaviour

(c) 3 Targeting:

3.1 This is the process of identifying a specific segment (or sub-segment) that the organisation will serve and devising the most suitable combination of the marketing mix to provide such a service.

3.2 If correctly performed this should ensure the maximum customer satisfaction and company profitability.

(d) 4 Customer profiling:

4.1 This is the result of careful analysis of the intended customer market.

4.2 It should allow the organisation to 'paint a picture' and fully describe the nature and characteristics of their potential (and actual) customer.

4.3 This will enable the organisation to produce exactly the required products, selling at the ideal price, in the outlets where the customer likes to shop and/or expects to see such products and knowing exactly which channels of media to use in communicating promotional and sales messages.

QUESTION 6

(a) Briefly describe the process of a **market audit**. (12 marks)

(b) Briefly explain the meaning of a **SWOT** analysis. (4 marks)

(c) Briefly explain why a SWOT analysis is so important to market planning. (4 marks)

(Total 20 marks)

Model Answer to Question 6

- (a) A market audit should be the continuous monitoring and evaluation of the performance of the marketing function. As such it will allow for control and modification of the marketing function in line with environmental and competitive forces that react upon the company.

A marketing audit consists of 7 key elements (or stages) all of which require analysis:

The macro environment

- the use of STEEPLE analysis
- demographics and demographic trend analysis

The task environment

- markets, customers, competitors
- distribution, suppliers, publics
- facilitators and external agencies

Marketing strategy audit

- mission statement
- objectives and goals
- strategies

Marketing function audit

- formal structure and hierarchy
- functional efficiency
- organisational interface efficiency

Marketing systems audit

- information system, planning system
- control systems, new product development

Marketing productivity audit

- profitability analysis
- cost efficiency analysis

Marketing functions (mix) audit

- product, price, place, promotion
- people, process, physical evidence

- (b) A **SWOT** analysis is an analytical tool for assessing areas within a company and the external environment affecting the company. **S** = strengths, these are internal elements or aspects in which the company is very strong or has a competitive advantage. **W** = weaknesses, these are internal elements or aspects where the company has deficiencies or is at a competitive disadvantage. **O** = opportunities, these are areas in the external environment that a company might be able to exploit to gain a competitive advantage. **T** = threats, again this refers to the external environment and relate to possible dangers that might happen that could have a harmful affect on the company.
- (c) A SWOT analysis is important to market planning in so far as it should reveal just how well (or badly) the company is doing and expose the reasons for such. Identified strengths can be built on and weaknesses (hopefully) rectified. This might mean product extensions, new product developments, a rethinking of promotional strategies, a fresh look at pricing and/or distribution methods. The opportunities analysis might reveal areas for new products, new markets or possibly, new or additional segments. It may reveal a potentially new channel of distribution. The threats analysis might reveal previously ignored competitors, a change in consumer perceptions, a change in trends or purchase behaviour in the market. All of these elements allow the marketer to alter or fine tune the respective marketing mixes associated with their products or services in the light of information obtained.

QUESTION 7

Briefly describe the role of marketing for **each** of the following:

- (a) a national charity (5 marks)
- (b) a manufacturer of ladies' perfumes (5 marks)
- (c) central government (5 marks)
- (d) a market stall holder selling fruit and vegetables. (5 marks)
- (Total 20 marks)**

Model Answer to Question 7

- (a) **A national charity:**
- to inform its publics of its existence
 - to educate its publics as to its purpose and aims
 - to promote the charity's work and achievements
 - to gain support and create favourable perceptions and attitudes towards the charity
 - to try and encourage donations and other types of assistance
- (b) **Manufacturer of ladies' perfumes:**
- to inform of product's existence
 - to promote the benefits of using the perfumes
 - to encourage and prompt sales and repeat usage
 - to gain market acceptance and market share
 - to build brand image and brand perceptions
 - to position the products within the market place and customer's mind
 - to maximise distribution (in line with brand personality)
 - product and packaging modifications in line with tastes and trends
 - seasonal sales promotions to enhance sales and market share
- (c) **Central government:**
- to inform publics of important developments
 - to educate publics about matters of concern to the nations or their own individual well being
 - to change behaviour and/or attitudes
 - to stimulate interest and further discussions of important issues
 - to assist and/or promote trade in international markets
- (d) **A market stall holder selling fruit and vegetables:**
- ensuring the best location possible for the stall
 - ensuring continuity of supply of produce
 - displaying produce in the best possible way to promote sales
 - point of sales displays and pricing
 - possible aggressive personal selling to secure sales
 - building personal relationships to maximise customer retention

QUESTION 8

Write a **report** to your Managing Director indicating **6 different** external agencies the marketing department might wish to use, supplying relevant examples of the services that each may offer.

(2 marks for report format, 18 marks for content)

(Total 20 marks)

Model Answer to Question 8

To: Managing Director
From: A Candidate
Date: 4 April 2003
Subject: **External agencies**

- 1.1 Advertising agency
 - 1.1.1 Responsible for (possibly) the creation, production and placement of media advertising.
- 1.2 Public relations agency
 - 1.2.1 Responsible for carrying out PR activities such as sponsorship, exhibitions, media relations and crisis management.
- 1.3 Sales promotion agency
 - 1.3.1 Will devise, prepare and carry out specified sales promotion activities in line with current marketing tactics.
- 1.4 Media independent agency
 - 1.4.1 Will have full knowledge of current media channels and their fees and will advise the organisation on which is the best for their communications.
 - 1.4.2 Will negotiate rates with media owners and place advertising accordingly.
- 1.5 Direct marketing agency
 - 1.5.1 Will prepare direct marketing campaigns from their own or organisations database(s) and take full responsibility for conducting such a campaign.
- 1.6 Export agency
 - 1.6.1 Will handle sales to international markets on behalf of an organisation.

Additional acceptable answers could be:

- 1.7 Personal selling agency
 - 1.7.1 Will provide highly trained specialist sales force on a temporary or more permanent basis to supplement (or replace) an organisation's sales force for specific sales campaigns.
- 1.8 Product development agency
 - 1.8.1 Will be commissioned by an organisation to provide ideas for new product developments or indeed for modifications to existing products – new product development agency.
- 1.9 Patent agency
 - 1.9.1 Will handle all the legal aspects of registering a patent or trademark with the relevant authorities.
- 1.10 Packaging specialist agency
 - 1.10.1 Will provide specialist services in the design and manufacture of packaging for organisational products.

Model Answer to Question 8 continued

1.11 Brand name agency

- 1.11.1 Will be given the responsibility of creating a brand name for a new product. Will also carry out extensive research to check the validity and legality of any such name.

This is not an exhaustive list and Examiners will use their own knowledge and experience if a candidate offers other alternatives. Answers involving an employment agency, financial agency, or a marketing agency will NOT be accepted.

Great care is needed in evaluating such examples as:

- full service agency
- a la carte agency
- creative agency

As they are all effectively types of advertising agency much will depend on the candidate's explanation of the 'services' offered by such an agency.

QUESTION 9

Write a **report** to your Managing Director briefly explaining:

- (a) what is meant by the Internet (2 marks)
- (b) what a website is (2 marks)
- (c) how each element of the **extended marketing mix** might have to be adapted or altered for marketing on the Internet. (14 marks)

(2 marks for report format, 18 marks for content)

(Total 20 marks)

Model Answer to Question 9

To: Managing Director
From: A Candidate
Date: 4 April 2003
Subject: **Marketing and the Internet**

(a) 1 **The Internet**

- 1.1 Is a communication medium that links networks of networked computers.
- 1.2 They have the ability to communicate with each other through the use of computer software developed by Internet Service providers.
- 1.3 Communication is global and can effectively take place at the speed of light (communication could in theory travel 8 times around the world in one second).

(NOTE: The Internet is NOT the world wide web – the world wide web operates within the Internet environment and system)

(b) 2 **A website**

- 2.1 This is the virtual location for an organisation's, group's or individual's presence on the World Wide Web.
- 2.2 The website may vary from one to many hundreds of pages consisting of text, graphics, video clips and sound waves using hypertext markup language (HTML) or Java based script.
- 2.3 Each website will have what is referred to as a unique 'domain name' and every single page (irrespective of the number in the website) will have a unique uniform resource location (URL).

(c) 3 **Product**

Although a real, tangible offering it only exists in virtual reality for the customer:

- 3.1 Extensive use of photographs
- 3.2 Detailed product descriptions
- 3.3 Testimonials from satisfied purchasers
- 3.4 Guarantees and unconditional refunds offered

4 **Place**

There are no high street shops or convenience stores for the customer to drop into:

- 4.1 The establishment of international depots for stock storage/distribution
- 4.2 The use of reputable international carries (DHL, Fedex)
- 4.3 Ensuring rapid delivery (as far as possible)
- 4.4 Incorporate order/delivery tracking for customer to check progress
- 4.5 Appropriate levels of packaging to ensure safety of order

Model Answer to Question 9 continued

5 **Price**

Customers are now aware of the reduced operational costs of Internet marketing:

- 5.1 Reduced pricing strategies
- 5.2 Secure on-line payment systems for credit/debit cards
- 5.3 Ability to pay using e-cash or e-cheques
- 5.4 Secure (encrypted) systems for customer details and information

6 **Promotion**

Customers still have to be informed of your website and products available:

- 6.1 Promotion of website using conventional media
- 6.2 Creation of banner advertising for use on portal sites and other complementary websites
- 6.3 Registration with all major search engines
- 6.4 The use of hypertext or metatag links

7 **People**

Someone has to operate and co-ordinate all this:

- 7.1 Recruitment of website designers/manager(s)
- 7.2 Recruitment of systems analysts
- 7.3 Real time operators to answer e-mail (and even telephone) queries 24/7
- 7.4 Experienced an efficient staffing for despatch department

8 **Process**

There are no customers present, but it all still has to work like clockwork:

- 8.1 Creation of back end legacy systems for data storage
- 8.2 Creation of front end legacy systems to allow customers to access their details and change them as required
- 8.3 Integrated stock, despatch and payment system
- 8.4 Immediate acknowledgement of order and confirmation of despatch using e-mail
- 8.5 Backwards integration for purchase operation through the use of EDI
- 8.6 Inclusion of firewalls and proxy servers for system security

9 **Physical evidence**

The only thing the customer sees is the website (and the delivered product):

- 9.1 Quality website with ease of navigation
- 9.2 Ease of use in accessing information, products and payment system
- 9.3 Website kept fresh and up to date at all times
- 9.4 Company contact details (address, telephone etc) clearly visible
- 9.5 Quality and functional packaging to ensure safety of goods
- 9.6 Liberal use of corporate identity in any and all communications and packaging.

(Internet marketing has been around long enough now as an academic subject, in many text books and as a rapidly growing means of shopping throughout the world that candidate's own 'creative ideas' as to how elements of the mix might have to be adapted will not be accepted. Internet marketing has developed specific means of adapting the extended mix and it is these accepted means that should be included in a candidate's answer)

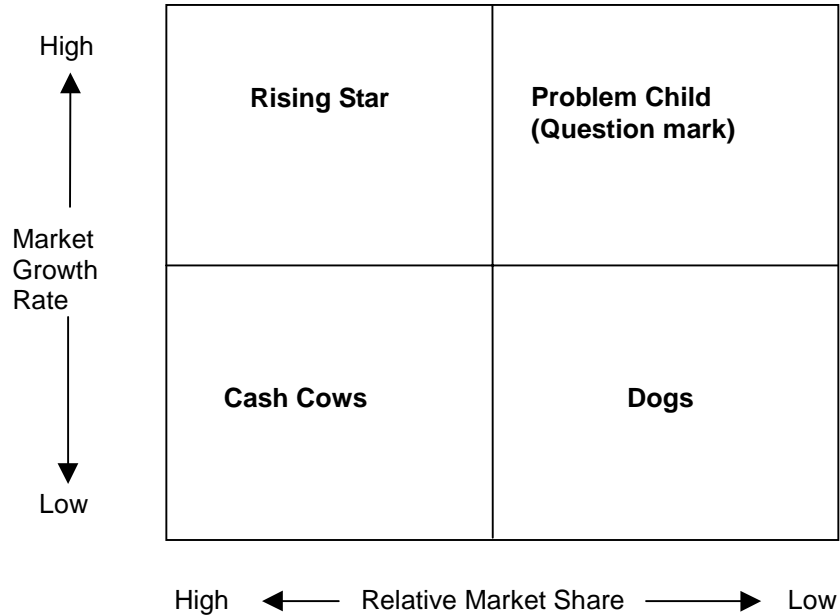
QUESTION 10

- (a) Provide a **correctly labelled** diagram of a BCG (Boston Consulting Group) matrix. (4 marks)
- (b) Briefly describe **4 tactical** considerations for the marketing mix at each stage of the BCG. (16 marks)

(Total 20 marks)

Model Answer to Question 10

(a)



(b) Answers should be along the lines of:

Problem Child (Question mark)

- penetration (or possibly skim pricing)
- heavy advertising to create awareness
- extensive sales promotion to generate sampling or first purchase
- quest to gain distribution
- launch of initial product

Rising Star

- continued advertising, emphasis now on persuasion
- continued sales promotion
- continuing to expand distribution
- possibly some minor product modification
- introduction of competitive pricing

Cash Cows

- periodic reminder advertising
- periodic sales promotion
- price reduction under competitive pressure
- product modification, possibly even re-launches
- maintaining distribution

Dogs

- minimal to nil advertising
- minimal to nil sales promotion (unless to clear stocks prior to deleting product)
- maintain maximum price possible (harvesting)
- withdrawing from smaller distribution outlets



**EXAMINATIONS
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