

**LCCI IQ SERIES 4 EXAMINATION 2014
MARKETING
LEVEL 3
MARKING SCHEME**

DISTINCTION MARK 75%
MERIT MARK 60%
PASS MARK 50%

TOTAL 100 marks

Question 1

Syllabus topics 3.1 The marketing mix and 4.2, 4.3, and 4.4 The extended marketing mix

Element	Strategies	Tactics
PRODUCT	<ul style="list-style-type: none"> to ensure the range of sports equipment offered is continuously expanded to cover all sports by 2016. to develop own brand of sports clothing by 2016. 	<ul style="list-style-type: none"> introduce sports equipment for minority sports such as lacrosse, croquet, polo, etc. during 2015/16. to negotiate with suppliers to produce own label clothing in 2015.
PRICE	<ul style="list-style-type: none"> to have the reputation of the best priced value for money retailer in the industry by the end of 2015. to increase profit margins by reducing variable costs by 2016. 	<ul style="list-style-type: none"> to renegotiate with suppliers on prices during 2015. to introduce activity-based costing to minimise and control costs more efficiently by 2016.
PLACE	<ul style="list-style-type: none"> to increase the number of stores to 40 by the end of 2016. to create a transactional website by/ during 2015. 	<ul style="list-style-type: none"> begin looking for potential new sites for stores during 2015/16. engage the services of a website design company in 2015.
PROMOTION	<ul style="list-style-type: none"> to have created 90% awareness within the target markets by the end of 2015. to sponsor a major sports event or team by the end of 2016. 	<ul style="list-style-type: none"> to engage in intense media advertising during 2015. to begin reviewing possible sponsorship opportunities during 2015.
PROCESS	<ul style="list-style-type: none"> to ensure facilities are available to accept all types of payment cards and methods by the end of 2015. install the latest electronic payment and stock control systems to ensure minimal queuing and stock outages by 2016. 	<ul style="list-style-type: none"> negotiate with suppliers and install EPOS payment systems during 2015. exploring and investing in all the newest electronic systems for rapid payment and EPOS controlled stock systems during 2015.
PEOPLE	<ul style="list-style-type: none"> have the best reputation in the industry for customer service and knowledgeable staff by end of 2015. to fill all future management vacancies from existing staff whenever possible by 2016. 	<ul style="list-style-type: none"> to devise, install and operate training courses for staff in customer care, initially using external consultants during 2015 introduce staff development courses combined with external academic studies and qualifications by mid 2015.
PHYSICAL EVIDENCE	<ul style="list-style-type: none"> to ensure customers can shop in a relaxing and comfortable environment in all stores by end of 2015. to have established a well-recognised corporate identity within the industry and the market as a whole by 2016. 	<ul style="list-style-type: none"> to begin refurbishing and redecorating stores during 2015. to design and introduce a corporate logo during 2015 combined with the introduction of new uniforms, house colours and external fascias for all stores in the group.

(20 marks)

Question 2

Syllabus topics 6.2 and 6.3 Internet and eCommerce

To: Managing Director
From: A. Candidate
Date: xx/November/2014
Subject: Online retailing

(Allocate 2 marks for the correct report address and format.) (2 marks)

(i) A clicks and mortar organisation is one that has a dual operation with physical retail outlets (1) and an internet website where they will also sell online (1). (2 marks)

(ii) A transactional website will (answers from the following – at 1 mark each): (4 marks)

- have all the elements of an informational site
- allow customers to make purchases
- have a database to promote future sales to clients
- be able to offer products or services in line with customers' requirements through linkages to relevant pages in response to customer questions
- offer a frequently asked questions section, with relevant answers to assist customers in their decision-making process
- offer customers the chance to communicate with the organisation by the provision of an email link button.

(iii) any six answers from the following at 1 mark each: (6 marks)

- Increased opening hours referred to as 24/7, transactions can be carried out 24 hours a day seven days a week.
- Customers can come from anywhere in the world.
- Reduced cost of sales leading to lower prices or enhanced profits.
- Reduced marketing costs in conventional media and promotions.
- Access to and availability for shift workers to shop at times convenient to the customer.
- The ability to globally source supplies.
- Able to use the internet for banner advertising, hyperlinks and affiliate sales.
- To provide a full organisational and/or product information page.
- A web page can be extensively used for public relations purposes.

(iv) Any 6 answers from the following at 1 mark each: (6 marks)

- Available 24/7.
- Removal of the channels of distribution.
- Wide variety of choice.
- No geographical limitations for source of supply.
- Ease of comparing prices.
- Can specify delivery location.
- Ability to download 'digital' products online.

(Total 20 marks)

Question 3

Syllabus topic 5.1 International and global marketing – market analysis

- (a) D = Demographics (1) a detailed breakdown and analysis of specific characteristics of a population. (1)
E = Economic (1) an analysis of various economic factors as they relate to and affect the financial status of a nation.(1)
P = Political (1) a review and understanding of political policies and actions current in the nation. (1)
I = Infrastructure (1) an analysis of basic essential facilities such as provision of roads, electricity and shopping facilities. (1)
C = Competition (1) a detailed knowledge and analysis of actual and potential competitors in the market.(1)
T = Technology (1) knowledge and analysis of the technology available, speed of development and acceptance of technology. (1)
- (12 marks)

- (b) Potential problems with carrying out market research in an emerging nation.
- Staff, (1) the availability of trained and competent staff to carry out market research. (1)
 - Secondary data,(1) accuracy and validity of existing data. (1)
 - Logistics, (1) limitations relating to the ability to travel to, and communicate with, all areas within an emerging nation. (1)
 - National culture (1) – national and local customs relating to giving out information, talking to strangers and offering personal details. (1)
- (8 marks)

Examiners to use own knowledge and experience to mark alternative answers.

(Total 20 marks)

Question 4

Syllabus topic 3.8 Sales promotion

- (a) A sales promotion is a short-term tactical incentive (1) that is used to add value to a product or service in order to achieve sales and marketing objectives.(1) (2 marks)
- (b) Any four answers from:
- clear old stocks (1)
 - launch of new products (1)
 - seasonal pricing (1)
 - fight competition (1)
 - entering new markets (1)
 - temporarily increase sales (1)
 - temporarily increase cash flow (1).
- (4 marks)
- (c) Answers such as: (Examiners to use own knowledge to assess alternative answers.)
- (i) free wine with meal, happy hour pricing, 3 courses for 2, etc. (3 marks)
 - (ii) extra content, reduced price, competition, free toothbrush, etc. (3 marks)
- (d) Any four answers from the following at 1 mark each:
- loss of profits goods bought by regular customer
 - all promotions have a COST either in extra product, loss of revenue (reduced prices) and possible changes in packaging
 - too many promotions can damage the established selling price
 - possible damage to the brand image
 - may generate the wrong corporate image (cheap inferior products, company in financial trouble, etc.)
 - brand switchers will only buy when on special offer
 - competitors may retaliate with a superior promotion. (4 marks)
- Any four answers from the following at 1 mark each:
- can stock up with regular purchases
 - save money with reduced prices
 - can try/test new products at minimal cost
 - can win prizes
 - can collect valuable gifts
 - can switch/try brands with each promotion. (4 marks)

(Total 20 marks)

Question 5

Syllabus topic 1.1 What is marketing?

- (a)
- (i) Management process. This indicates that it is a management function and the responsibility of a qualified manager (1) and is not a function that is carried out in a haphazard manner (1).
 - (ii) Identifies. This refers to the fact that the organisation cannot take any chances by using guesswork (1). Research has to be carried out to ascertain accurate information (1).
 - (iii) Customer needs. This implies that the organisation cannot simply produce what it wants (1). The organisation must produce goods or services that have been identified as something that customers want and are prepared to buy (1).
- (6 marks)
- (b)
- (i) Product orientation refers to the market environment whereby customers would buy anything that an organisation produced (1). Relates specifically to the origins of mass production (1) when markets were flooded with many cheap and easily produced goods (1).
 - (ii) Sales orientation refers to the period when markets were becoming saturated with many mass produced goods (1). The growth of many suppliers led to intense competition in the marketplace (1). Accordingly pressure was applied to obtain sales and to sell whatever it was the company produced (1).
 - (iii) Market orientation refers to giving customers/consumers what they wanted (1). Indiscriminate production and pressure selling were abandoned (1). These were replaced by marketing research into customer and consumer needs and wants (1).
- (9 marks)
- (c)
- (i) A product plan covers all aspects of a product's life cycle (1). It begins with the product concept, through development and launch and all aspects of marketing strategies and tactics during its life cycle (1). (2 marks)
 - (ii) A sales plan is prepared by a Sales Manager/Director usually on an annual basis. (1). This will determine the estimated/targeted total sales, usually in a financial format, for an organisation for the stated period. (1) This will then form a master budget figure to be used by other relevant integrated departments (1). (3 marks)

(Total 20 marks)

Question 6

Syllabus topic 3.7 Advertising

- (a) Advertising presents the most persuasive possible selling message (1) to the right prospects for a product or service at the lowest possible cost (1). (2 marks)
- (b) The correct five answers are:
- to inform (1) this action provides information about a product/service(1)
 - to persuade (1) this endeavours to get the recipient of the message to take action (1)
 - to reassure (1) aims to reduce cognitive dissonance (uncertainty) about having made a purchase (1)
 - to remind (1) to keep a product or service within the purchasing frame of actual or potential purchasers (1)
 - to educate (1) to give specific instructions and details about the operation or usage of a particular good or service (1).

Examiners please note candidates may offer answers such as 'to create awareness (inform)' or to 'sell/promote (persuade)' provided their explanation is in line with the accepted answer then award marks accordingly.

(10 marks)

Question 6 continued

- section (c)
- (i) Corporate advertising is when an organisation advertises and promotes its name rather than any specific product (1). It is aimed at creating awareness of the company and contributing to its corporate image (1).
 - (ii) Brand advertising is symbolised with heavy media presence to promote a specific product or service (1). It is designed to create awareness, to provide knowledge of the benefits and encourage customers to buy (1).
 - (iii) Recruitment advertising is carried out at the request of personnel (or Human Resources Department) (1) and is aimed at attracting applications from suitable candidates to fill vacancies within the organisation (1).
 - (iv) Comparative advertising is making direct comparisons between one product and another, showing the advertiser's product in a much more favourable light of course (1). Comparisons must not exhibit abuse or make unfair claims that cannot be substantiated (1).
- (8 marks)

(Total 20 marks)

Question 7**Across the syllabus**

- (a) **Syllabus topic 3.6 Public relations**
Stakeholders consist of a large variety of people and organisations (1) who have an interest in anything that an organisation might plan or perform. (1) (2 marks)
- (b) **Syllabus topic 3.5 Promotions communication**
USP refers to unique selling point (or proposition) (1) this is some aspect or element of a product or service that is unique to it (1). (2 marks)
- (c) **Syllabus topic 4.3 People**
Boundary staff refers to staff of an organisation (1). These are members of staff who have direct contact with the organisation's customers (1). (2 marks)
- (d) **Syllabus topic 4.4 Process**
Service factory is a specific location within service operations (1). It refers to the place where a service takes place/is performed (1). (2 marks)
- (e) **Syllabus topic 5.3 Marketing mix implications (International marketing).**
Grey market is the trade of a commodity through distribution channels (1) which, while legal, are unofficial, unauthorised, or unintended by the original manufacturer (1). (2 marks)
- (f) **Syllabus topic 6.3 eCommerce**
The 24/7 concept is a method of trading available through internet eCommerce. (1) It refers to the ability to trade 24 hours a day, seven days a week (1). (2 marks)
- (g) **Syllabus topic 1.4 Environmental analysis**
.MOA refers to market opportunity analysis (1). This correlates the attractiveness of the market with the organisation's capabilities (1). (2 marks)
- (h) **Syllabus topic 1.5 The market audit**
A market audit is a periodic, planned and systematic analysis (1) of the entire marketing function within an organisation (1). (2 marks)
- (i) **Syllabus topic 2.2 Segmentation**
FLC refers to the Family Life Cycle (1). It is an element of demographic segmentation (1). (2 marks)
- (j) **Syllabus topic 3.4 Place**
JIT refers to a Just in Time delivery system (1). This ensures stock arrives at a destination when it is needed, that is, at the right time (1). (2 marks)

(Total 20 marks)

Question 8 Syllabus topic 3.12 Branding

- (a) A brand is any name, term, sign, symbol or design, or any combination of these elements,(1) intended to identify the goods or services of one seller (1) and to differentiate them from similar offerings from competitors.(1) (3 marks)
- (b) Branding decisions
- To brand or not to brand. (1) Low cost, mass produced consumer items are very rarely branded (pencils, ballpoint pens, etc.) (1), more expensive consumer goods will invariably be branded either by a manufacturer or a retailer's own brand. (1) (3 marks)
 - Brand name selection (1) begins with a review of the product and its features, benefits and target markets. (1).Once chosen it must be registered to preserve intellectual property rights. (1) (3 marks)
 - Brand sponsor. (1) Who will create the brand such as the manufacturer? (1). Will it be a brand created for a retailer's own label? (1) Could it be a licensed brand where the creator has no manufacturing abilities or interest (1)? (3 marks)
 - Branding strategy. (1) Is the product a completely new product? (1) Is it a line extension, a brand extension or even a multibrand?(1) (3 marks)
- (c) Elements of brand equity (any five answers from the following at 1 mark each):
- Brand loyalty
 - Frequency of purchase
 - Brand name awareness
 - Customer loyalty
 - Perceived quality
 - Brand preference
 - Bargaining leverage with retailers
 - Reduced marketing costs as a percentage of received revenues. (5 marks)

(Total 20 marks)

**Question 9
Syllabus topic 1.2 Market awareness**

To: Managing Director
From: A. Candidate
Date: xx/November/2014
Subject: Ethical considerations

Award 2 marks for correct report address and format. (2 marks)

- (a) Advertising:
- subliminal advertising (1)
 - false and misleading advertisements (1)
 - post purchase dissonance (customers not getting what they thought they would in terms of benefits) (1)
 - promotion of alcohol, tobacco and other potentially harmful goods (1)
 - advertisements as mirrors or statements of prevailing norms (1)
 - advertising directed to minors and young children. (1) (6 marks)
- (b) Products and services:
- built in obsolescence resulting in product failure (1)
 - essential product extras sold as separate items (1)
 - switching to using inferior raw materials (1)
 - reducing content size without notification (1)
 - dangerous goods released without full research or relevant safety certification (1)
 - unskilled service providers charging full price. (1) (6 marks)

Question 9 continued

(c) Pricing:

- price dumping in foreign markets to dispose of old stock (1)
- predatory pricing to try and destroy competitors (1)
- price fixing with other suppliers to maintain artificially high prices (1)
- price wars to destroy competition with a view to becoming a monopoly supplier (1)
- bid rigging by colluding with other suppliers to obtain a high price (1)
- hidden pricing (for essential extras) added on at the end of a transaction. (1) (6 marks)

Examiners to use their own experience and knowledge to assess any alternative answers across all sections.

(Total 20 marks)

Question 10

Syllabus topic 2.4 Consumer basics

a) A customer is someone who carries out the purchase, but is not always the person who will use or receive the benefits of the purchase.(1)

A consumer is the person who receives the benefits of a purchase.(1)

(2 marks)

b) Members of a family DMU are:

- starter (1) (or initiator) – the member who first suggests the idea of the purchase (1)
- advisor (1) – member who will offer advice as to the suitability or type of purchase (1)
- decision maker (1) – the member who makes the ultimate decision to purchase or not (1)
- purchaser (1) – the member who physically carries out the transaction or places the order (1)
- end user (1) – any member that will gain the benefits of the purchase (1)
- financier (1) – person responsible for the payment of the purchase. (1)

(12 marks)

c) Answers such as:

For large household items such as bedroom furniture, involving probably large sums of money, the decision to purchase, and the financing of such, is most likely to be made by the head of the household or major income earner. (1) This person may well be the decider, purchaser and financier.(1)

To arouse the interest of the initiator, advertising will be needed to inform him/her what products are available (1) and to promote the product features combined with the benefits these features can offer.(1)

The adviser will need information about the quality of the products, the materials they are made from, the probable durability of the product and the price to be paid (1). This may be offered in the advertising but is much more likely to come from trained sales personnel at the point of contact or sale.(1)

The decision-maker may need information about guarantees and durability as well as how and when the products would be delivered.(1)

The financier may well need information about discounts, special offers, credit terms available and methods of payment (1).

After marketing, communications should follow in the form of phone calls or direct mail to ensure the customer is satisfied with his/her purchase – these are invariably with the purchaser (1).

Examiners to use own knowledge and experience to assess other possible alternative answers.

(6 marks)

(Total 20 marks)