

Chartered Postgraduate Diploma in Marketing

Analysis and Decision

Senior Examination Assessment Review Report June 2011

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Senior Examination Assessment Review Report

UNIT NAME: Analysis and Decision

AWARD NAME: Chartered Postgraduate Diploma in Marketing

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- **Background to the paper:**

Prior to the examination, candidates were provided with an extensive case study (Netflix Inc.) reflecting a real life situation.

The case study included information about the history of company (eg, a US based company incorporated in August 1997 with a head office in California), its product offering (eg, high speed streaming of movies and TV programs via the internet, plus DVDs and Blue-ray discs available for sale or rent), its customer base (eg, over 12 million subscribers), its business strategy (eg, to grow a core of subscribers), the basis of its competitive advantage (eg, a combination of streaming and discs for rent, customers creating their own lists, effective delivery, movie recommendation algorithms, pricing models, etc.), its advertising and marketing strategies (eg, use of wide range of media to promote services, partnerships with manufacturers and retailers of electronic goods, word of mouth advertising), its competition (eg, Blockbuster, Redbox, Walmart, Amazon, Apple iTunes, Google TV, Hulu), its competitive strengths (eg, brand, personalisation, scale, broad-based demand) and the nature and type of industry in which the company operated (eg, home entertainment industry).

Extensive information was included about the range of risks faced by Netflix Inc., including the failure to attract new subscribers, the potential impact of the economic downturn and sustained recession, the failure to innovate to remain competitive, the eroding of competitive advantage due to rapid advances in technology, potential changes in consumer trends and lifestyles (eg, popularity of DVDS and Blu-ray discs, customers favouring titles and formats that are expensive to deliver), potential changes in copyright laws, regulations and licensing agreements, risks associated with reliance on third parties and partner organisations, system and operational failures, other changes to the model of how the producers make their contents available to the public, potential changes in demand and supply, potential damage to the brand, the inability to manage key segments effectively, risk of legislation, etc.

Further detailed information was included about Netflix Inc.: staff policy (eg, progressive staff policy employing 1,883 full time and 2,197 part time staff), the Freedom and Responsibility Culture adopted by Netflix highlighting the key high levels of flexibility that existed for staff; the core principles of its culture (eg, focus on actions/effectiveness and rewarding higher performers through pay and promotion and firing those who were not up to the job; the use of the redundancy package to get rid of underperforming staff), skills and behaviours sought after and rewarded by the staff policy and culture (eg, judgement, communication, impact, curiosity, innovation, courage, passion, honesty and selflessness).

Ten appendices were included, providing further relevant information ranging from financial performance (eg, balance sheet, statement of operations, annual net income, annual revenues) to global rental and retail figures of DVD and Blu-ray discs, and media reports highlighting information about Netflix Inc., its staff policy and its expansion plans into Canada, the lawsuit faced by Netflix, competitive moves (eg, Amazon wanting to copy the Netflix streaming business), current trends (eg, Netflix sales performance in comparison with Hulu), and Blockbuster being on the verge of defeat in its battle against Netflix technology.

Prior to the examination, candidates were required to carry out a six page audit of the case study and bring it to the examination venue where it was to be attached to their answer books. No marks are awarded for the six page audit itself but for how the audit was used to answer the tasks during the examination.

Candidates were provided with a Candidates' Brief prior to the examination. The Brief required candidates to imagine being employed as a marketing consultant working in the home entertainment sector and asked by Netflix to undertake a strategic audit in relation to Netflix's core competencies, competitive advantage and value proposition.

The Brief further asked candidates to consider how Netflix could remain competitive in the context of developments in technology, rising competition and changing consumer behaviour. Candidates needed to consider Netflix's financial position, its strategic risks and mitigating strategies to overcome the risks.

The examination paper included some additional information to the Netflix case study (not seen by candidates prior to the examination), including a report about Netflix's intention to explore other opportunities internationally (particularly in Europe, Asia and South America), given the launch of its services in Canada in September 2010, and a decision to enter into joint venture with Disney, announced in December 2010. The report highlighted there was strong evidence that streaming was catching on in a big way and that potential obstacles to Netflix's progress included the consideration of usage-based pricing of broadband, and the potential threat by content owners charging more than they did in the past. The report argued that many of Netflix's licensing arrangements were short term and there was a possibility that it would see significant increases in the amounts demanded for future extensions and renewals.

When answering tasks, candidates were expected to consider this additional information provided at the time of the examination alongside the information contained within the case study.

The examination paper consisted of three tasks, all of which were compulsory. Task One (50%) had three elements each worth 20, 15 and 15 marks respectively. Task two was worth 25 marks and task three had two elements with first element worth 10 marks and second element worth 15 marks. All three tasks were interlinked and candidates were expected to answer all of them using information from the Netflix case study, the six page audit and the additional information presented on the day of examination.

- **Comments on how the marking scheme was applied in terms of:**
 - Concept, Application and Evaluation
 - Syllabus coverage
 - Use of command words and the extent to which answers reflected what was required
 - The relative weighting of each part of a task/task and an indication of what aspects of the task/task required most care and attention
 - What differentiated the A, B, C, or D grades.

Throughout the assessment, candidates were expected to show a good understanding and knowledge of relevant concepts from a range of syllabus areas and evaluate and apply them in proper detail.

For instance, via the six page audit, candidates were expected to demonstrate insights into the following.

- A knowledge of a range of techniques, processes and market information to assess the external marketing environment, including market environment, customers, market trends, challenges and risks, impact of developments in technology, rising competition and changing consumer behaviour.
- An understanding of techniques/models to assess the internal environment, including a resource and competency audit, innovation audit, core competencies, key success factors and financial performance.
- A resource based view of Netflix Inc., including an analysis of the company's approach to meeting customer needs, managing innovations, enhancing brand equity and customer value, and the value of this approach in developing further resources and capabilities.
- An understanding of strategic uncertainty/risks in the external market facing Netflix.
- An appraisal of the determinants of strategic options as well as past and current strategies, including new product introduction, leveraging brand equity, marketing strategies, strengths and weaknesses, capabilities, resources, and constraints and opportunities, value chain analysis, Porter's five forces analysis etc.

Task One

The first part of Task One required candidates to critically assess Netflix's existing core competencies, its competitive advantage and value proposition.

Mark scheme allowed 10 marks for knowledge, 5 each for evaluation and application.

Drawing upon and referring to the six page audit summary, the case study material and the new information presented at the time of examination, candidates were expected to argue that core competencies are capabilities that are critical to a firm achieving competitive advantage; core competencies include skills that are relevant to customers, are competitively unique and are difficult to imitate by competition; in the given context, core competencies enabled Netflix to deliver customer benefits and operate uniquely in the marketplace. For example, Netflix offered high speed streaming of movies and TV programmes via the internet, plus DVDs and Blu-ray discs, available for sale or rent, selected online and sent through the post, and it was the world's largest provider in its field, with over 12 million subscribers and more than 100,000 titles available for disc rentals.

Candidates were expected to argue that the company derived its competitive advantage from a combination of streaming and discs for rent (both Blu-ray and DVDs) and value was created via its internet service, which included movie recommendation algorithms. This enabled the company to identify other similar programmes and films the customer might wish to view in future, based on those already selected. This helped to add value to the overall customer experience as they could make new selections, and it also personalised the way they interacted

with the Netflix website and how they built the list of materials they wished to view. The system assisted Netflix in managing its stock of DVDs effectively, adding to competitive advantage.

Further value was created by enabling subscribers to view unlimited films and TV episodes directly on their TV or computers, and customers could benefit from a range of different pricing models, and they did not face due dates, late fees, separate postage costs or any pay-per-view charges.

Candidates were rewarded for showing good knowledge of the relevant concepts (eg, core competencies, competitive advantage, key success factors and value proposition) and their ability to apply this knowledge to Netflix's context. They were also rewarded for revealing strategic insights and thinking based on a good understanding of theoretical concepts and frameworks (eg, Prahalad and Hamel 1990; Porter, 1985).

The second part of Task One required candidates to critically evaluate the fit between Netflix's culture and its current business strategy, including an assessment of its ability to be agile in a changing marketing environment.

Mark scheme allowed 10 marks each for knowledge and evaluation and 5 for application.

Candidates were expected to draw upon their six page audit, the case study material and the new information presented at the time of the examination and critically assess the fit between Netflix's culture and strategy, given the changing marketing environment.

Candidates were expected to argue that Netflix had adopted a culture that encouraged flexibility, performance and freedom. More specifically, Netflix had adopted the Freedom and Responsibility Culture, which was based on seven core principles or values: high performance, freedom and responsibility, context not control, highly aligned, loosely coupled, pay, top of the market promotions and development.

Candidates were also expected to assess Netflix's current business strategy (eg, to grow its core of subscribers) and to argue that the strategy had been very successful as evidenced by the increase in number of subscribers, leading to revenue and net income increases. Failure to attract new subscribers posed a risk, and hence the company placed a high priority on providing a competitively priced and valuable service and enforcing a culture that encouraged flexibility, performance and freedom that helped in acquiring new customers.

Candidates were expected to comment on key strengths, including the high levels of customer satisfaction and word-of-mouth recommendations, the ability to provide tailored made services, including the option to write or contribute towards product reviews, economies of scale leading to a strong ability to compete on price with its competitors while still generating healthy margins, and the facility to provide a flexible and responsive service to its subscribers, and the strong ability to manage the supply of its titles effectively.

The additional information provided at the time of examination highlighted some additional challenges and candidates were expected to evaluate the changing nature of the marketing environment and Netflix's ability to succeed, given the risks and constraints it faced. In particular, the company's approach to only value effectiveness and not efforts might have posed extra challenges in markets other than the USA.

The third part of Task One required candidates to critically evaluate the strategic benefits and risks associated with Netflix's staff policy.

Mark scheme allowed 5 marks for knowledge and 5 for evaluation/application.

Candidates were expected to draw upon their six page audit and case study information, and critically evaluate the strategic benefits and risks associated with Netflix's staff policy.

In doing so, they were expected to critically evaluate various elements of the company's staff policy, with an emphasis on effective employee performance and rewarding high performers through pay and promotion, whilst adopting a very robust approach to firing those who were not up to the job. The policy helped actively promote certain skills and behaviours (eg, judgement, communication, impact, curiosity, innovation, passion and honesty, etc), reinforcing freedom and responsibility culture (eg, liberal and flexible annual leave and a flexible approach to working hours, as long as the work is done, etc). Some assessment in terms of pros and cons was expected.

Task Two required candidates to assess the strategic options available to Netflix to sustain its competitive advantage in the context of the developments in technology, rising competition and changing consumer behaviour patterns.

Mark scheme allowed 10 marks for knowledge, 10 for evaluation and 5 for application.

The case study provided extensive and detailed information about a range of developments in technology, rising competition and changing consumer behaviour. Candidates were expected to refer to these issues, their six page audit and the new information presented at the time of examination whilst responding to this task.

There were many potential answers and candidates were expected to reveal strategic thinking and insights whilst assessing and evaluating options. They were expected to link their discussion to developments in technology, rising competition and changes in consumer behaviour. It was expected that some candidates would refer to the Ansoff Matrix (market penetration, product development, market development or diversification), utilising it as a framework. Others were expected to quote the BCG matrix or Porter's Generic Strategies to sustain competitive advantage. Still others were expected to utilise information from the PESTEL framework with a view to outlining opportunities and assessing some relevant options.

Good candidates were expected to demonstrate an understanding of competitive advantage (ie, the means by which Netflix could continue to outperform its competitors and continue to achieve higher than average profits), and the various sources of competitive advantage (eg, utilising core competency, resources, skills and capabilities), whilst assessing different strategic options available to Netflix to sustain competitive advantage.

Candidates were rewarded for demonstrating a good understanding of relevant concepts and strategic insights, based on a good understanding of theory (eg, reference to some model) and practice, rather than tactical solutions and ideas.

First part of Task Three required candidates to recommend (based on their answer to Task Two) with justification one strategic option that they thought Netflix should adopt that would ensure the long-term sustainability of the company.

Mark scheme allowed 5 marks for knowledge and 5 for evaluation/application.

Candidates were expected to recommend one strategic option and provide a rationale or justification for their recommendation. There were a number of possible answers and a recommendation fitting the needs of some customer group could be made, whilst reflecting on competitive advantage, value creation, proposition and differentiation, Netflix's institutional strengths, views of stakeholders, and checking against the distinctive competencies of Netflix Inc.

Candidates were rewarded for recommending and justifying a valid and viable strategic option (rather than a tactical solution or ideas) to ensure long term sustainability; for showing strategic insights and for linking the discussion with some criteria such as suitability, feasibility, potential, validity and vulnerability.

The second part of Task Three required candidates to identify the risks associated with implementing their chosen strategy and to recommend different mitigation strategies that would help Netflix reduce these risks.

Mark scheme allowed 5 marks for knowledge, 5 for evaluation and 5 for application.

Candidates were expected to link their discussion with their chosen strategy recommended in Task Three a, and to identify not only risks but also financial implications. Variations in candidates' answers were expected given the variations in responses to Task Three a.

The case study provided extensive and detailed information about a range of strategic and business risks related to the company's ability to sustain operations and pursue its objectives. The case study also provided information about the financials relevant to the performance of company. Depending on their specific recommendation, candidates were expected to assess risks and highlight the financial implications.

Some examples of risks included the failure to attract new subscribers and retain existing customers, the uncertainty in the world economy and the potential impact of any economic downturn, the risks of operating in a highly competitive market that was also prone to rapid advances in technology, making it necessary to innovate in order to remain competitive; risks of rapid advancements in technology, a reliance on a large number of third parties and partner organisations to be able to provide its streaming service, the reliance on other services such as the US mail service, vulnerable to failures of its own and third parties' computer systems, the difficulty in managing and supporting rapid growth, etc.

Whilst answering this task, candidates were expected to draw upon this information as well as their six page audits and the new information presented. They were expected to demonstrate an understanding of a resource-based view of the company assessing Netflix Inc., its resources including its key strengths (eg, financials, human resources, brand equity and loyalty, effective use of technology etc), against the risks and propose strategies designed to address these risks (eg, scenario planning, forecasting, changing approach/direction and avoidance strategies; strategic training of employees; stakeholder strategy matrix, etc).

Both elements of this task were marked as a whole (risks and financial implications) and candidates were rewarded appropriately for evidence of strategic insights and thinking, based on a good understanding of theory and practice, rather than operational thinking and tactical solutions.

There were some 'A' grade scripts demonstrating excellent ability in critically appraising, evaluating and applying material from the case study, their six page audits and the additional information provided. 'A' grade answers revealed an excellent understanding of relevant theoretical principles (eg, core competencies, competitive advantage, value proposition, culture, business strategy, strategic benefits and risks associated with staff policies, strategic options to sustain competitive advantage and the associated risks and financial implications), producing reliable, valid and incisive recommendation and justification of one strategic option and synthesised information, demonstrating critical strategic insights and application to the given context with originality of thought.

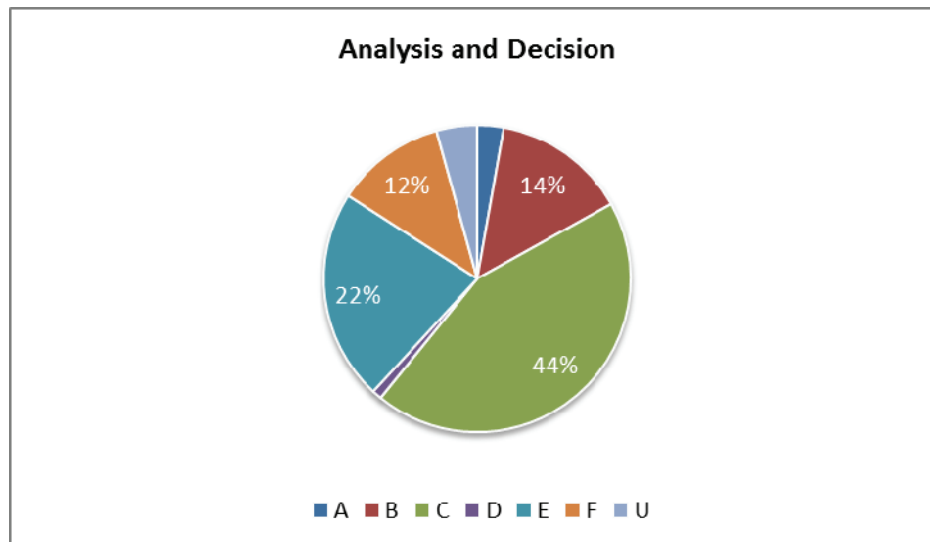
There were quite a few 'B' grade scripts revealing a very good understanding of various areas of the syllabus, including a strong ability to critically appraise, evaluate and apply material from the case study and the new information presented on the examination day. 'B' grade answers demonstrated a very good understanding of relevant theoretical principles, strategic insights and application to the given context.

'C' grade scripts demonstrated a reasonable level of understanding of various areas of the syllabus, including some reasonable ability to critically appraise, evaluate and apply material from the case study and the new information presented on the examination day. 'C' grade scripts revealed a reasonable understanding of relevant theoretical principles, strategic insights and application to the given context.

- **A general overview of how the assessment (examination or assignment) was tackled, including a statistical analysis on the assessment as a whole.**

The overall pass rate for the Analysis and Decision paper was 60.86%.

The grade profile was as follows:



There were some excellent answers including distinctions from both UK and international candidates. The case study was well received and many candidates demonstrated a fairly high level of insight and empathy with the case itself as reflected by the very good overall pass rate and number of distinctions.

In many cases, high quality and comprehensive audits were appended, continuing to reflect high quality teaching standards applied at most centres. However, there were obvious variations in the way candidates used insights from their audits and higher marks were awarded to those who understood and integrated material from their audits into their answers.

Some candidates attached audits containing similar analysis and hence candidates are advised to bring originality to their audits. There were others who relied heavily on formulaic answers (apparently based on their tutor's prescriptive guidance) and, the creative thinking, if at all, appeared to come from tutors, and not the candidates. Tutors are therefore strongly advised not to provide prescriptive answers/guidance to candidates; rather, candidates should be encouraged to apply knowledge, showing originality of thinking and application in the given context. Some candidates attached very descriptive audits – this appears to be a growing trend and tutors/centres should be advised to discourage this unhealthy practice

In general, candidates produced quite comprehensive and lengthy answers for certain tasks (eg, Task One a and Task Two) whereas answers for other tasks were rather limited. Tutors are therefore advised to guide candidates improve their examination technique making sure sufficient details for all tasks are provided.

Task One a was answered well with many achieving good marks, revealing a good understanding of Netflix's core competencies, its competitive advantage and value proposition. However, weaker candidates confused core competencies, competitive advantage and value proposition, and there was a common confusion between value chain and value proposition.

Tasks One b was not handled very well, revealing a weakness in syllabus coverage. Many failed to identify the cultural aspects and spent too long on staff policy (which was the subject of Task One c). Not many were able to demonstrate a good understanding of the linkage or fit between the company's culture, strategy and its ability to be responsive to the changing environment. Some used McKinsey's 7S model to provide a broader scope for the cultural analysis, although cultural Web could have been more appropriate.

Task One c was generally handled well, though little reference was made to the attached analysis or the case study. Also, weaker candidates tended to include some facts about the staff policy without any evaluation and ended up producing superficial answers.

There were variations in the way Task One b was handled. Generally speaking, many scripts revealed a good understanding of basic theory though weaker candidates were unable to utilise any theoretical framework. Some referred to the Ansoff Matrix whereas others used Porter's Generic Strategies to assess options, though not many were explicit in elaborating how best to sustain competitive advantage. Weaker candidates tended to include a list of strategies, tactics and other (non-marketing related) actions, which Netflix could take without any assessment of their viability and sustainability. Weaker candidates were also unable to assess how Netflix could sustain competitive advantage. Quite a few focussed on the first part of the task regarding the context and presented a detailed analysis of technology, competition and changes in consumer behaviour, leaving very little time to address the real task on strategic options. This again points to the need for improving examination technique.

Good candidates were able to respond well to Task Three a with many linking their discussion with criteria such as suitability, feasibility, potential, validity and vulnerability.

However, a common problem included a failure to clearly link the discussion with the recommended option and a lack of ability to justify the chosen option with sufficient details/evaluations. Weaker candidates opted to recommend and justify non-strategic options and hence there is a need for further guidance from tutors.

Not many were able to handle Task Three b pointing to a weakness in syllabus coverage. Weaker candidates focussed on assessing the risks associated with the company, rather than those associated with implementing their strategic option; as a result, the commentary was very general and superficial. There were very few who were able to include the financial implications associated with implementing the strategic option, and hence the need for tutors to improve syllabus coverage. Very few were able to refer to the appended analysis. Centres and tutors are therefore reminded to cover this area of syllabus in further depth with candidates.

- **Feedback on the academic quality of the cohort(s) that has just been examined and the quality of the teaching, as judged by the results**

It is pleasing to note that some candidates produced excellent (very good) answers securing either A (or B) grades. There were many C grade scripts revealing an above average performance. Overall, responses from UK Centres were much better and detailed than those from international centres, though some of the international candidates also performed much better than ever before. International candidates were still more likely to write short answers or ignore certain tasks all together, leading to lower than expected pass rate.

International candidates also tended to rely heavily on formulae or prescriptive answers and tutors are therefore once again strongly advised not to provide prescriptive answers/guidance to candidates.

Understanding of some basic concepts (eg, core competencies, competitive advantage, strategic options and generic risk assessment) appeared to be good across the board. Many candidates continued to append excellent six page audits and tutors/centres are therefore applauded for their efforts in teaching candidates. Candidates, however, should be advised that they need to make most of their audits by integrating insights from them into their answers.

In general, good candidates provided sufficient details and responded to the required focus of the tasks well, revealing a good understanding of underlying theory. A growing number of candidates produced accurate definitions (eg, core competency) and cited relevant academic sources. This appears to be a very good and an encouraging trend.

- **Commentary as to whether recommendations made in previous years have been properly followed up**

Following areas of improvements have been highlighted in the past and these still need attention.

- Developing an understanding of how various elements of syllabus and theories can be interlinked.
- Improving the ability to provide sufficient details, analysis and evaluation.
- Improving the ability to make reliable and valid recommendations with a focus on strategy and not tactical solutions.

- Improving the ability to demonstrate a mature and analytical understanding of strategic level thinking, decision-making and risk assessment strategies in a complex and unpredictable marketing environment.
- Demonstrating greater understanding of relevant theories and their implications for strategy formulation.
- Improving time management skills.
- Responding to all tasks in sufficient details and not just few.
- Further referencing to course content, models, and conceptual frameworks.
- Moving beyond simple/superficial descriptions to include analytical and critical insights and thinking, and making good use of additional material included at the front of the examination paper.
- **Comments and examples of:**
 - strengths and good practice
 - common mistakes when tackling this type of task.

Common Strengths

In general, the strengths of the cohort appeared to be as follows.

- Many candidates showed a very good level of insight and empathy with the case itself and the case study was well understood by many.
- Many candidates prepared their six page analysis to a very high standard.
- Good candidates referred to their six-page analysis while responding to the requirement of the task at hand particularly Tasks One a, One b and Two.
- Good candidates provided useful strategic insights when answering tasks.
- Stronger candidates integrated and responded to the additional material provided to them in the examination.
- There was some excellent use of tables to answer tasks and many useful diagrams/tables were drawn illustrating answers.
- Stronger candidates revealed very good understanding of relevant theoretical concepts.
- Good candidates demonstrated a strong ability to appraise, evaluate and apply material from the case study and the additional information provided at the time of examination.
- Stronger candidates managed their time well allowing them sufficient time to address all parts of the three tasks.
- Most candidates appeared to be well prepared for required format (report, introduction, and memo, etc.). Answers were generally well presented and the writing was legible and coherent.

In terms of responses to specific tasks, here is a commentary highlighting good practice:

Task One a: Clear definitions of core competencies, competitive advantage and value proposition as applied to Netflix. Also, the linkage between these aspects was shown, together with good insights into the culture and their impact on core competencies/competitive advantages.

Task One b: A good understanding and a clear description of strategy in the context of a challenging environment. Good insights into the company culture, eg, innovation, flexibility, effectiveness, efficiency, etc. and a good explanation of the fit with strategy and the ability to respond to the future challenges.

Task One c: Good scripts did not merely repeat the facts associated with the HR policy but focussed on the insights and their benefits, eg motivation, creative thinking, challenging the norm, making tough decisions, etc. Some of the risks of the policy identified included which were “below the surface”, such as transferability (to other markets), coordination, stress, impact on family life, etc.

Many good answers used Ansoff as a basis for strategic marketing options; what was included was not an extensive list but three to four options, which a), were assessed as being viable, and b), were considered from the viewpoint of sustaining competitive advantage. A few answers focussed more on potential corporate strategies of cost leadership, differentiation and focus. Here, there was a clear understanding of their characteristics, some very good assessments of viability and the impact on competitive advantage. Some candidates used SAF as a framework to assess the options, understanding the framework clearly and applying it well.

Task Three a: Good answers often included a process of discounting some of the options suggested in Task Two. SAF was often well applied as a means of justifying the recommended option. The more difficult part of the task on how the option helped long-term sustainability of the business was covered well in the context of competitive advantage gained and in the company’s ability to keep ahead/pace with market changes.

Task Three b: Risks included, together with the financial implications, were those specific to the recommended option. Examples of this in relation to a Market Development Strategy were: barriers to entry, exchange, differing cultures, regulation, etc. In the better answers, each was addressed with good mitigating strategies and where strategies did not apply, appropriate actions.

Examples of Good Practice

While there were variations in candidates’ answers across the board, some examples of good practice include:

- a) following the required report format (eg, starting with a proper memo heading)
- b) introduction highlighting the importance of task in a broader context making references to the six page analysis and Netflix case study material as and when needed
- c) understanding the required focus of the task and responding with appropriate details.

For instance, while responding to the requirement of first element of Task One, a candidate wrote the following.

Prahalad and Hamel defined core competency as 'the glue that binds existing businesses and these are the engines of new business development'. Netflix has three strategic pillars of core competency and these underpin the entire foundation (or core benefit) of the business, which is to provide entertainment at home.

Fundamental to their success so far is the application of technology and business intelligence to enable them to have a complete understanding of their customers. As identified in the internal audit (section 4.1) of the strategic audit, Netflix has developed an award winning website (including customer satisfaction) which operates as the customer facing interface. It has also developed a sophisticated back end system and a platform that hosts a bespoke recommendation algorithm. When you couple a website with good usability and context which is personalised to individual customer's buying behaviour, a significant competency can be attributed. Netflix needs to ensure that it continues to invest in the development of this technology as it is a rapidly evolving marketplace with strong competition. They need to provide a market leading service through its platforms to try and retain customers – the case study identifies the importance of limiting customer churn [...]

The final competency is its distribution strategy. As referenced in 2.6, it is the market leader in the disc rentals and sales and it also has its newly introduced streaming service. It has the infrastructure (internal processes) in place to be able to service a customer quickly and efficiently. The great strength about this is that it takes time to develop this type of complicated platform. Whilst a new entrant may be able to enter the market to compete on the streaming side of the business, it would be difficult (timely and expensive) to replicate its disc rental and sales model.

In summary, the core competencies for Netflix are its understanding of its customers through sophisticated profiling and personalisation; its recommendation algorithm to help better service customers and manage its disc rentals; and finally its distribution strategy – multiple products through multiple channels.

There are a number of competitive advantages that Netflix holds. This means in some areas of its operation, it is outperforming competitors. Because Netflix offers a variety of products (discs and streaming) through a number of distribution channels, it is meeting customers' current demand for speed and convenience. We live in an expectancy culture, and customers want products and services at their convenience, not when it suits the supplies. It also has a good pricing model which different package and subscriber options. As mentioned in the additional information, Netflix now offers a streaming only option that is cheaper than the combined streaming and DVD package. This fluidity with its pricing to meet the customer demand puts the business at a competitive advantage [...]. As identified in 5.2 of the strategic audit, the way the business looks after its staff is so important to its success. It has a very progressive staff policy ('freedom and responsibility culture') and its staff are more likely to perform at a higher level than those that are not embedded into the culture and philosophy of business [...].

Aaker and McLoughlin used functional and emotional pillars to support value proposition. In the case of Netflix, the functional values are the convenience of its service to customers and the speeds with which it can deliver their services and also the range of products that it can promote. The emotional values are the felt by its customers and they would consider Netflix's ability to offer a product or title that matches their needs as a core benefit. Other emotional

benefits and values that Netflix offers are a stress free and satisfying buying experience (through their interaction with its website) and happiness with the brand because it fulfils one of their emotional needs to be entertained at home. Netflix is well placed to leverage customers' affinity and engagement for the brand through social network channels, so it is recommended that they take advantage of this popular channel [...]

In response to the requirements of Task One B, a candidate wrote the following.

An assessment of Netflix's culture and its fit with the intended business strategy is of great importance. A gap or difference between culture and strategy can be a major source of strategic failure.

Netflix currently has a progressive staff policy and open/flat style, removing traditional hierarchical structures. This style of management is well aligned to a technology company operating in a fast paced changing environment as is favoured by many market leading technology companies such as Google and Facebook. Creation of an open, relaxed culture is a key factor in encouraging innovation and this is evidenced by Netflix's good innovation record. The strong focus on results fits in well with the business strategy to expand and develop quickly, and the culture has created highly motivated results-focused employees. Netflix operates a flexible model as identified in 'So What Analysis – 2.3' [...] which should enable Netflix to be responsive and implement changes quickly.

Gaps Identified: Whilst the Netflix culture has clear advantages, certain gaps have been identified that may prevent the current culture from being in synergy with business strategy moving forward.

Systems – The current culture engenders innovation and forward focused thinking to achieve results and targets. It does not however appear to facilitate emphasis on the requirement of a marketing information system (MKIS). Operating in such a complex external environment (as outlined in the PESTEL analysis 1.1), collecting and interpreting of market data is imperative. This is especially of great importance as Netflix considers moving into new geographical markets where a wide range of external factors will need to be understood.

Western/American Culture – Whilst clearly necessary in the home market. Developments into new geographical markets may result in cultural clashes between company style and the new consumer/supplier market. This may be less important in European markets but more likely in Asian markets identified. This should not be underestimated and fully resourced.

Product Focus – The current culture and values are largely based around results and products. There is no mention of the customer at all in the freedom and responsibility culture. In order to retain competitive advantage, the customer should be at the heart of the Netflix culture.

Similarly, a candidate wrote the following.

Netflix enjoys a unique culture (see Figure 10 - 7'S model) which is based around a unique staff policy of 'Freedom and Responsibility Culture'. The culture enables staff to be innovative (Fig 15) and enables the organisation to be flexible (Fig 10). The culture lends itself to competing in a volatile, rapidly changing environment [...] Netflix is moving towards streaming as the main focus of their business. Streaming as an internet based service lends itself to international expansion outside the US, however this may present some issues with the fit of the culture for Netflix depending on the structure of international expansion. If Netflix wanted to open

operations in Europe, Asia and South America, they would have to carefully consider the culture of the organisation and whether it would transfer to these countries. Although streaming could be internet based, Netflix high priority on customer service means they would have to provide local support in the countries and the transfer of Netflix culture would have to be carefully planned to ensure it works in other countries.

As the culture leads to increased innovation (Fig 15.1) this benefits Netflix as having highly skilled, responsive, motivated staff open the doors to innovation which is essential success factor for Netflix especially in the streaming market (Fig 13.5). The flexible innovative culture also helps Netflix in its business strategy when it comes to growing subscribers (both in rental and streaming markets) as it encourages and enables staff to have the freedom to reach out and improve ways of delivery the service to customers – which in turn increases satisfaction and improves efficiency and effectiveness [.....]

Similarly, another candidate responded as follows.

We can see that Netflix has a very reliable staff pool from looking at 7'S VS. Meta Competencies (Figure 13 of audit). Shared values show the business agility. The structure shows effective and reliable systems in seeking out talent and creating productivity. Figure 14 – Porter's Value Chain further proves the point that staff are treated well and trusted. The culture is very much 'get the job done' and if this is achieved staff are rewarded with lenient flexible holidays. The staff are therefore performing well and delivering value for the company. They are happy working for Netflix which strengthens the brand [...]. Netflix have an agile innovative structure and culture. Figure 13 shows that the style of Netflix business model is traditional which stifles innovation and creativity. The current strategy is not agile and able to respond to the changing environment. There is a clash between the culture of the organisation and the strategy of the organisation. The culture could support innovation but the strategy is not innovative. We can see from Figure 10, the perceptual map and Figure 9 – Market Map, that the environment is competitive and heavily innovative [...]

In response to the requirements of Task One c, a candidate wrote the following.

There are various benefits associated with Netflix progressive staff policy which include:

- 1. The policy advocates and ensures high performance from staff. The policy encourages staff to be high achievers for which they are rewarded through pay and promotions. The keeper test ensures that all staff work towards achieving company objectives.*
- 2. The staff policy encourages creativity amongst employees which motivates them as they are not boxed to a certain way of doing things.*
- 3. The staff policy evokes a sense of passion among employees through true freedom and responsibility culture. They feel that they are responsible for their success and that of the company and there is a passion for results.*
- 4. The company policy also does not punish risks but instead gives employees the courage to take risks that will bring gains to the organisation.*
- 5. A cultural behaviour of curiosity and innovation ensures that the company maintains its competitive advantage as they will always have a focus on new, cutting edge innovative products.*

6. *Selflessness also ensures that employees put the needs of their organisation first.*

In a nutshell the staff policy has led to a highly motivated efficient and effective staff component which is a strategic advantage and a source of core competency for the company. However there are risks involved with this kind of policy:

- a) The policy is prone to abuse by staff especially where the area of holiday is concerned*
- b) There is a risk of escalating costs as expenditure does not need approvals*
- c) The high pay for employees may not be in line with market conditions*
- d) The lack of procedures may lead to failure especially as the company grows, likely have to be Canada and plans to go international*
- e) New staff may find it hard to learn and the learning curve may be huge as there is no reference point*
- f) Too much freedom may lead to lax behaviour if true checks on results are not thorough enough*
- g) It is expensive for the company if the key staff leave the company*
- h) If the market becomes volatile, this policy is not sustainable.*

Similarly, in response to the requirements of Task One C, another candidate wrote the following.

Within the concept of culture, staff policy is an integral and important part. There are a number of strengths associated with the current policy:

Benefits a) The staff policy is progressive; b) Likely to encourage high motivation ; c) Likely to lead to move innovative practices; d) Likely to lead to good employee retention; e) Consistency of working practice; f) Pleasant working environment leading to achievement of results and targets

There are a number of risks though that have been identified with the current approach: a) Open to abuse; b) Potential conflict between hourly paid staff and salaried staff (do not have same benefits); c) Team balance – the currently policy only appears to reward results focused on high achievers. Whilst this is clearly necessary, any successful team should have a balance of people, there is a significant strategic risk faced by Netflix here. This results focus has removed the element of process and administrative care. This had led to a number of legal issues and litigation cases as employees focus on the end result rather than a holistic view. This has results in senior management time being caught up in dealing with legal issues.

In response to the requirements of Task Two, a candidate wrote the following.

It is clear from the previous section in this report that Netflix strives to establish and maintain its competitive advantage. However, factors such as developments in technology, rising competition and changing consumer behaviour patterns mean they need to be selective in choosing their strategic options to achieve this.

The Ansoff Matrix detailed below provides a framework for selecting strategic options [the candidate correctly draws and labels the matrix with further details provided inside the matrix].

In terms of developments in technology the PESTEL Analysis (Figure 2) of the attached audit shows that technology is ever changing and that new media have thrown up many opportunities. This would suggest that a viable strategic option could be product development. This would be extremely valuable and more important as Netflix move to focus more on

streaming – as without an actual tangible product, the technology behind the streaming becomes the new value proposition. Such a strategic option would help Netflix catapult and manage streaming into next phase of the Product Life Cycle. Fig 6 on page 3 of the audit shows that streaming is currently in the introductory phase. However with the appropriate investment in technology development would allow its popularity to grow and speed up the time before it starts to slow a good rate of return.

In the face of rising competition, there are a number of strategic options open to Netflix. Table 5 – Porter’s 5 Forces Analysis shows that there is intense competition within the industry which high volume retailers managing to command large share of the market through their economies of scale and supplier and procurement relationships in the United States. However, Table 5 also details that Netflix is currently the market leader in the subscriber market. Therefore in the light of competition within the US it may be a viable option for Netflix to consider a market development strategy, taking their existing product portfolio and taking it to new international markets. Also by doing so the new international markets may well be less developed than the US domestic markets and therefore Netflix can gain from bringing in the higher rates of return [....].

With regard to changing consumer behaviour patterns, the PESTEL analysis of the audit describes situation where video and computer games have overtaken the combined revenue from DVD and Blue Ray suggesting that other business pursuits are growing in demand. It could therefore be suggested that a viable strategic option for Netflix could be diversification into the production of new video games offering and opening it up to a new market – much wider than its current one – incorporating the millions of people both young and old into the ‘Gaming Community’. The risks of such a move though would involve Netflix potentially being new entrants to an already established ‘Gaming Community’ where they are only entirely knowledgeable of the markets and consumers [....].

In response to the requirements of Task Three A, a candidate wrote the following.

Recommendation of strategy: Based on my answer to Task Two, I would recommend Netflix uses the best in class strategic option, in particular the affiliation (partnership) strategy. Netflix should choose entertainment partners to work with to provide its customers with a service that is tailored and beneficial to them, this would in turn increase customer equity through value, brand and relationship equity as shown in Figure 11. Relationship equity is key when trying to sustain a competitive advantage and grow a business [...]

To justify my choice of strategy, I have a completed an impact assessment matrix [the candidate draws and labels the matrix highlighting various aspects - eg, strategic business partnership, focus or positioning, product/service portfolio, brand, assets/competencies], significance of each aspect (eg, expansion of expertise, brand associations with bigger brands, Netflix to reach new markets at shared costs and revenues) and nature of impact (eg, increase in customer equity leading to increase in shareholder value and reduction of risk).

In response to the requirements of Task Three B, a candidate wrote the following.

Risks associated with market development: Entering into an international market will involve significant upfront costs. Netflix already has a long term debt of \$200m and total liabilities of \$480m. Financial implications of market development are therefore huge. To mitigate, rate and timing of return will need to be carefully calculated. Initial screening will be done through ‘pay

back' method – this will be followed by a thorough 'Net Present Value' method using discounted cash flows.

Barriers to entry and protectionism can be a significant risk. This might include trade barriers, embargos, quotas, tariff regulations, patent and copyright laws and ownership and intellectual property rights. Financial implications - depending on country, regulations, media owners and studios might demand a large share in the revenue sharing agreements leading to loss in margins and profits. Change in ownership and copyright laws might mean that content will never be owned by Netflix and there will be limits to the number of times it can use that content. This could lead to a limit to revenue it can generate from contents. Mitigation – Understand the legal aspects and copyright laws fully before entering the country. If the country is politically unstable, then understand the opposition agenda as well.

Exchange rates risks can lead to decline in profits. Mitigation – Study, address and understand fully the trend of exchange rates before moving in. Hedge against currency fluctuations.

Reputational risks by failure of third parties and internal systems. The case refers to systems used by Netflix which are already under strain and are not geared to cope with international expansion. Financial implication – Huge cost burden involved in the development of new systems. Mitigation – Gain a fair understanding of these costs and incorporate them fully in the payback and NPV calculations.

Change in market pricing structure – The additional information already mentions about usage based pricing which could impose additional costs. There are other pricing risks in the form of rise in transaction fees, delivery charges and licensing agreement fees. Mitigation – Understanding the market structure and using forecasting techniques to predict the rise in costs.

Regulatory risks and backlash with media owners, distributors and broadband providers could restrict access to content. The financial implication will be a decrease in sales. Mitigation – Establish good relationships with various elements of the value chain.

Economic risks of European countries going deeper into Recession. Refer to economic and socio-cultural risks identified in the audit (2.0) which highlight the financial impact of this which could lead to less revenue per subscriber and high marketing costs. Mitigation – focus on generating competitive advantage and using international brand management strategy.

The candidate continued to assess potential risk of instability, technological risk, cultural risk and some other risks highlighting financial implications and recommending mitigating strategies.

Common Mistakes and Weaknesses

In general, the weaknesses of the cohort appeared to be as follows.

- Some specific tasks (eg, Task One b and Task Three b) were not handled well by many pointing to a weakness in syllabus coverage by candidates.
- Extensive detailed answers were included for Task One a, worth 20 marks, pointing to a weakness in examination technique; some candidates did not attempt all tasks and hence lost some crucial marks.

- Weaker candidates tended to rely on answers prepared beforehand without sufficient contextualisation to the actual task requirements.
- Weaker candidates were unable to utilise insights from their six page audits and hence this continues to be an important issue that tutors should address in examination preparation.
- Weaker candidates were largely unable to integrate the additional material provided to them in the examination and appreciate the additional challenges facing Netflix Inc.
- Weaker candidates tended to provide superficial answers revealing little strategic insights into relevant theory and practice.
- Weaker candidates were unable to make valid recommendations and address the specific requirements of tasks.
- Lack of ability to provide sufficient critical evaluation and sufficient insights into the relevant theories continued to be an issue.

In terms of responses to specific tasks, common weaknesses included following:

Task One a: a lack of understanding of core competencies, competitive advantage and particularly value proposition. Inability to distinguish between them and a list of facts from the case was typically presented.

Task One b: lack of ability to identify and discuss a) current strategy, b) various elements of culture and c) evaluate the fit between culture and strategy. Netflix's culture was not covered, or, what were presented were some facts about their HR policy, and many were unable to include a discussion on responsiveness.

Task One c: many weak answers listed some facts about staff policy without any further evaluation and benefits were general in nature.

Task Two: there was a visible absence of reference to any conceptual framework; a tendency to list down non-strategic options was quite evident; little efforts went into assessing the strategic options; purchasing Blockbuster was a popular choice, but not many assessed its viability and how the option could lead to sustainability of competitive advantage.

Task Three a: there was a tendency to make generic comments without any explicit effort in justifying the chosen option using any valid framework; also the lack of ability to distinguish between strategic and non-strategic options was quite evident.

Task Three b: the lack of ability to identify risks and financial implications relevant to the chosen option was quite evident; many opted to assess generic risks rather than those specific to chosen option; superficial answers/details were included when it came to assessing mitigating strategies.

- **Guidance about how candidates can avoid making similar errors and strategies for improving performance**

Candidates should be encouraged to:

- study all areas of syllabus. For instance, not many were able to handle Task Two very well, which is a bit surprising and an area of concern for most centres
- make extensive use of the six page audit and refer it throughout as and where needed. Candidates need to be encouraged to apply the insights gained from the audit to the tasks posed in the examination. This is a skill, which may be new to some candidates and something that tutors must address in examination preparation
- consider each element of the task and its value in terms of marks allocation, and assign efforts accordingly; in other words, improve the examination technique
- identify the required focus of the task; in other words, make candidates think about what the task is asking them to do. Candidates should be encouraged to read the tasks carefully and ensure that each task requirement has been sufficiently addressed
- appreciate that all tasks in the examination can be inter-linked; their responses as such need to demonstrate this while responding to all three tasks. Candidates must be encouraged to read the whole examination paper and think about how each task links with others in the paper before commencing their answers
- engage in deeper learning (rather than surface learning), apply theory to context and develop abilities to evaluate the given topic in certain depth and detail. It is important that candidates are able to demonstrate not only their knowledge, but their abilities and skills to apply and evaluate in the given context
- consult the reading list and read from the core texts and other wider publications. This is significant as very rarely candidates refer to any journals or core texts while answering tasks
- make sure that each and every response is clearly labelled making it clear when they move from one task to the other or one element to the other. For instance, each individual task should be clearly numbered and candidates can be advised to make sure that they start each task on a new page
- score through their rough working notes inside the examination scripts to avoid confusion as to what the examiner is being asked to mark.

- **Suggestions of possible alternative approaches to tackling a task/task or parts of a task/task while making it clear that it is not the only way**

There are alternative approaches in tackling a task and in each case high marks can be achieved, as long as there is enough evidence suggesting the achievement of learning outcomes and a relevant and valid response is provided in the given context.

- **Recommendations for how performance can be improved in future assessments**

Performance can be improved in the following ways.

- Demonstrate a better understanding of all areas of syllabus.
- Candidates need to understand the difference between strategic marketing options, generic strategic options and tactical operations.
- Candidates need to be aware of the weighting for theory, evaluation and application.
- Candidates are advised to practise how to analyse, evaluate and apply their answers to the given context.
- Focus on improving time management skills, encourage candidates to read the whole paper through and plan answers before commencing writing.
- Identify the required focus of the task and respond accordingly.
- Make sure sufficient details are provided to merit higher marks.

- **Clarification about any syllabus or assessment changes**

None anticipated at the moment.

- **Possible future assessment themes**

There are some areas of the syllabus that are likely to appear on future examination papers, and hence tutors should ensure that candidates are familiar with the theory and practices in these areas. Examples include critically evaluating an organisation's strengths and weaknesses, strategies including brand strategies, with consideration of value creation and sustainable competitive advantage; evaluating and prioritising a range of strategic marketing options, recommending with justification strategic options given a particular analysis; analysing financial implications associated with strategic marketing options; critically evaluating the concept of relationship marketing and innovation audit as a means of achieving growth and profitability; staffing policy; evaluating potential risks for the company involved and measures for mitigating risks; assessing the potential for organisational constraints to limit an organisation's success in using any given strategic choice and the range of strategies to address these successfully.

'POSTGRADUATENESS'

Purpose of this paper

This paper has been put together to help tutors with their delivery and facilitation of the units that make up the CIM Chartered Postgraduate Diploma in Marketing (CPGD), which is a Masters level qualification. As indicated by the Senior Examiners' Reports that are posted to the website after assessment sessions, students' work often lacks 'postgraduateness', and this paper sets out to clarify what is meant by this term and provides guidance on how you can help your students to achieve what is required to pass the assessments for this qualification.

What is required?

The syllabi and assessments for the CPGD have been designed to meet the QCA and QAA Level Descriptors for a postgraduate (Level 7) qualification, which are as follows:

QCA definition of a Level 7 qualification

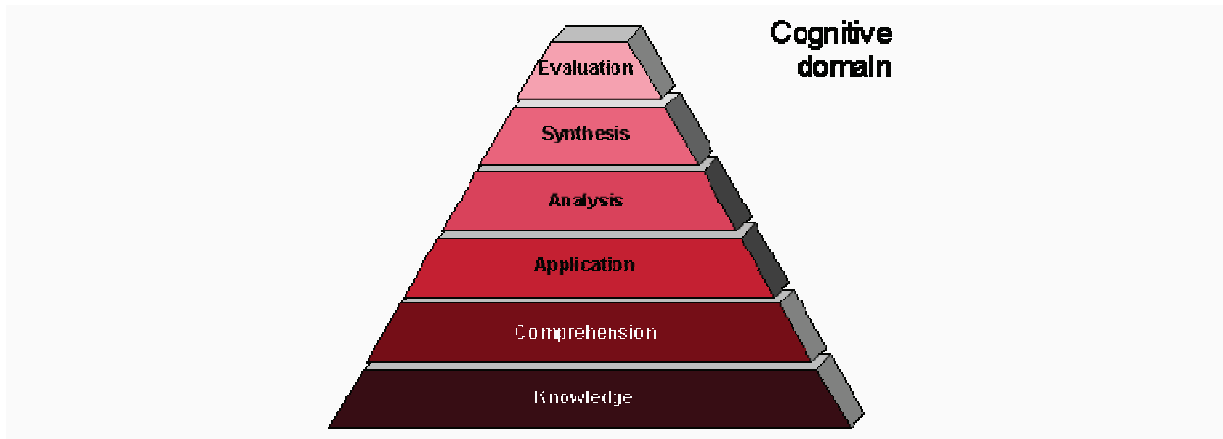
- Display mastery of a complex and specialist area of knowledge and skills
- Demonstrate expertise in highly specialised and advanced technical, professional and or/research skills
- Develop new skills to a high level, including novel and emerging techniques
- Take significant responsibility for the work of other professional staff, lead and initiate activity
- Accept accountability in related decision making including the use of supervision

QAA requirements of a professional with a Masters qualification

- Consistently apply knowledge in specific area and demonstrate wider intellectual skills
- Deal with complex issues both systematically and creatively, make sound judgments in the absence of complex data
- Be adaptable, show originality, insight and critical and reflective abilities which can be brought to bear upon problem situations
- Make decisions in complex and unpredictable situations
- Evaluate and integrate theory in a wide range of situations

As clearly illustrated by these descriptors, knowledge alone is insufficient. Additionally, CIM qualifications have been designed with a practitioner-focus and therefore students must demonstrate a practical insight into how knowledge at this level can be applied and its efficacy evaluated.

Most of you will be familiar with Bloom's Taxonomy, (Bloom, 1956), which illustrates different levels of thinking and learning:



The Cognitive Domain – Bloom's Taxonomy from
<http://www.learningandteaching.info/learning/bloomtax.htm>

The CPGD expects students to demonstrate the higher levels of these cognitive domains through their work. Indeed, this model has been developed further by Anderson and Krathwohl (Anderson & Krathwohl, 2001), who added 'Creating' above 'Evaluating', arguing that at Masters level, students should be creative in their own thinking

By way of explanation, students need to be able to do more than simply apply their knowledge to a variety of business contexts. At postgraduate level students need to be able to assess the relevance of different theories and concepts for a particular business situation and justify why they would, or would not, recommend their use as a basis for current practice or indeed as the rationale for changing business practice. This ability requires students to engage with a range of concepts and theories - evaluate them for their suitability (critical analysis) and then develop a rationale for why they are appropriate. It may be that established models need to be adapted or extended in order to be suitable. Creative thinking should be encouraged as it will be rewarded. It is also necessary for students to be able to appraise the effectiveness of their plans, actions and recommendations and so detail practical ways of measuring success against set criteria – critical evaluation.

Postgraduate study is more than amassing information; it should challenge conceptual thinking and encourage students to assess things from various perspectives, and to develop (and justify) their own opinions in connection with these concepts. In applying theories to different contexts they will see that 'one size does not fit all' and have to be able to adapt their conceptual thinking. In so doing, students will refine their problem solving ability and become more confident in dealing with complex and unpredictable events. As well as the here and now, postgraduate thinking is also about lateral and forward thinking, and this shift in mindset is crucial to strategic thinking. Instead of principally thinking about departmental issues, the strategic approach requires students to consider matters from an organisational, or even a business sector perspective, balancing the needs of different parts of the organisation to meet corporate objectives.

Tutors need to encourage critical thinking and the evidence of this is that students can substantiate their views; this assumes that they have formed a view of their own rather than simply regurgitated what they have read about. And, as well as supporting their arguments and opinions with appropriate concepts, they need to be able to explain the relevance of the

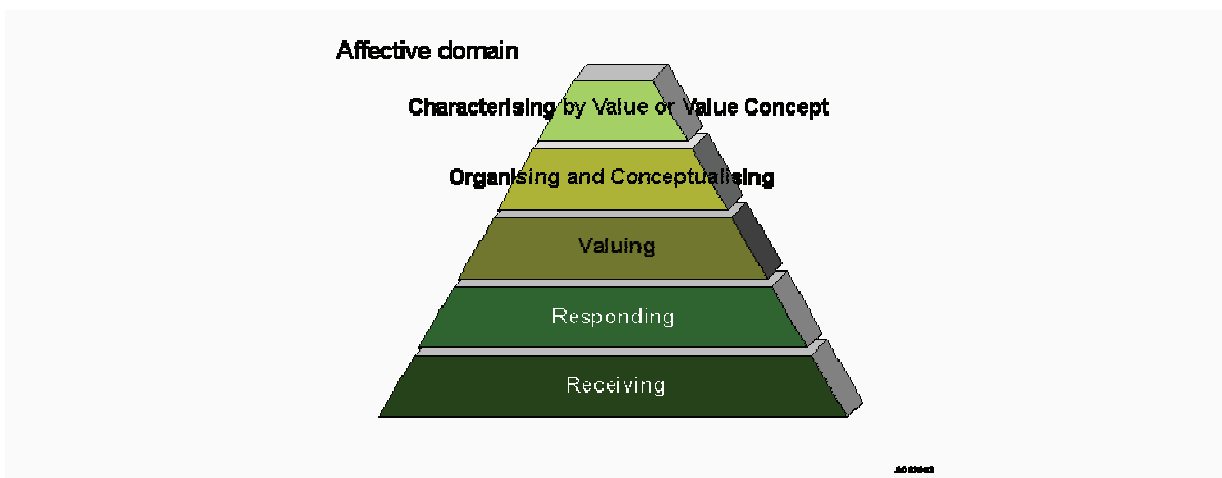
diagrams, tables, figures and facts that they draw on, either from their own research or from the case study material that is provided for some of the units.

A rich source of information about critical thinking can be found from: www.criticalthinking.org but here it might be good just to reflect on what this term actually means – here is one definition found on this site:

"Critical thinking is the intellectually disciplined process of actively and skillfully conceptualizing, applying, analyzing, synthesizing, and/or evaluating information gathered from, or generated by, observation, experience, reflection, reasoning, or communication, as a guide to belief and action. In its exemplary form, it is based on universal intellectual values that transcend subject matter divisions: clarity, accuracy, precision, consistency, relevance, sound evidence, good reasons, depth, breadth, and fairness..."

A statement by Michael Scriven & Richard Paul
{presented at the 8th Annual International Conference on Critical Thinking and Education Reform, Summer 1987}.

People's values are likely to impact their thinking and useful discussion can be had with students as to why they hold the views that they do about business direction and leadership, and how these values influence decisions that they are likely to recommend. Kratwohl, Blook and Madi (1964) considered values to be part of the 'affective domain' and suggested that students studying at higher levels should be able to distinguish their implicit values through analysis.



The Affective Domain – Bloom's Taxonomy from
<http://www.learningandteaching.info/learning/bloomtax.htm>

Addressing the issues

CIM's Senior Examiners at this level say that far too many assessments currently submitted are theoretical, operational and not contextualised; too few are strategic. What can be done to address these issues in the way you teach and facilitate learning whilst students study the CPGD?

Firstly, students do need to have a broad knowledge base; they need to be familiar with the concepts and theories covered by the syllabi of the unit(s) they are taking, but this is not enough! They need to be able to understand this knowledge not just from a marketing

perspective, but from that of the organisation and the sector, with an in-depth appreciation of the business environment that affects both.

Secondly, students need to use their knowledge to answer the questions/tasks set. This may seem obvious, but this represents the most common problem seen in both examinations and assignments. Currently, much of the work submitted may be relevant but it does NOT demonstrate the outcomes highlighted through the QCA/QAA Level descriptors listed at the beginning of this paper.

Raising the bar

The CPGD is a postgraduate/Masters level qualification in marketing and it assumes that students already have a comprehensive background in marketing. Do the students you are recruiting meet the entry criteria? If so, they should have the underpinning knowledge they need. If you are not sure, ask your students to take the diagnostic test for Level 7 that is on the Tutor Zone. You can access it using the following link: <http://qm.cim.co.uk/> (The username and password is the same, namely: DN Tool-1).

In addition to this, are your prospective students ready to study at postgraduate level? Do they realise that they will be expected to study independently as well as to participate with sessions that are facilitated by their tutors? At this level, we usually recommend that students should expect to spend between three to five times the amount of time in personal study as they do in guided learning from their tutor; a 10 credit unit should take approximately 100 hours of study, a 20 credit units approximately 200 hours. Part of this personal study will involve reading extensively around subjects covered by the syllabus – there are no set texts that cover the whole syllabus of any of the units of the CPGD, so students should expect to dip in and out of several texts for each unit in order to cover the syllabus and to appreciate the topic from different authors' perspectives. A student going to university to take a Masters degree would not expect to pass without going to the library to access a wide range of different texts and journals to complete their studies; the same should be the case for people taking the CIM's Chartered Postgraduate Diploma.

The CPGD is a professional qualification so as well as being well-grounded in academic marketing theory, students need to be able to relate these concepts to the business environment and so should also be reading the marketing press, relevant trade journals, market/company reports, blogs and weblinks. Business case studies need to be used in the delivery of the programme to stimulate discussion about the challenges of applying theory to practice in different contexts, and drawing on students' experience will help to enrich this debate.

There is also another challenge; some students are good at expressing their views verbally but need help to organise and present them in a way that meets the Level 7 descriptors and the assessment criteria of the questions/tasks set. They need to be able to develop coherent arguments that are well supported by relevant writers in such a way that if they were consultants, a Chief Executive would be prepared to pay good money for their work. This means that they need to stick to the brief and deliver what is required within the constraints that have been set, including the budget. For assignments, this includes acknowledging and referencing all sourced material accurately using Harvard referencing, and all work should be proof-read to ensure that it does not contain basic grammatical or formatting mistakes – avoidable errors that cost valuable marks. Many students need help with how to present their ideas at a level that would be deemed 'strategic', and feedback on draft work or on answers to questions from past papers should include format, tone and presentation as well as the content of what has been

presented and how arguments are supported with academic theories. This is particularly important for students that have not done academic studies before (or completed them a long time ago).

What differentiates a pass from a fail, and different grades for CIM units at Level 7?

CIM has put together Grade Descriptors for each level of its qualification which outline the expectations for various grades. This document can be found attached to each assignment brief. The same principles are applied when grading examination papers. The Grade Descriptors for the CPGD are attached to this document as Appendix 1.

It should be noted at this point, that whilst examination scripts and assignments are considered holistically, they are marked using a marking scheme and at this level the ‘Magic Formula’ is applied in approximately the following proportions:

Concept	15%
Application	30%
Evaluation	45%
Presentation	10%

It might help to clarify the thinking behind this model as it is open to misinterpretation. It was originally put together to help differentiate the requirements between different levels of study. When considered as a whole, the amount of marks available for ‘concept’ decreases as you go up the levels; ‘application’ and ‘presentation’ remain the same; and the amount of evaluation increases as you progress up the levels, as can be seen from the table below:

Magic Formula across the levels

	Concept	Application	Evaluation	Format and Presentation
CIM Introductory Certificate (Level 3)	45%	30%	15%	10%
CIM Professional Certificate (Level 4)	40%	30%	20%	10%
CAM Diplomas (Level 4)	40%	30%	20%	10%
CIM Professional Diploma (Level 6)	30%	30%	30%	10%
CIM Chartered Postgraduate Diploma (Level 7)	15%	30%	45%	10%

It is worth explaining what is meant by this as it is essential that students understand how their work will be marked. They can then use their understanding to their advantage..

‘**Concept**’ relates to theories, models and concepts, and marks for concept are given when students provide information about a topic, which might include definitions, explanations, diagrams, models, general examples, etc. The important thing to note here is that the material is usually provided in a *generic* way and is not related to a given scenario. Some students appear to spot key words in a task/question and then ‘tell us all they know’ about a subject without

answering the question/task set, and their work may well be annotated with 'TD' = theory dump. Whilst some marks will be available for concept, and students at the lower levels are likely to provide more material on this basis, large quantities of generic material is not appropriate at the higher levels. In all cases, students should avoid simply repeating material in the case studies provided; this wastes valuable time in the exam or words in the assignment and gains no marks – the examiners are already familiar with the case study!

'Application' is exactly what it says – the *application* of theories and concepts; it is essential that *relevant* concepts are related to case study material or a given or chosen scenario and that students demonstrate their understanding of both the concept(s) and the situation by relating the two. Examiners will expect to see models populated by text that shows that the student understands how the organisation fits the chosen model, or an explanation as to why it does not. At the higher levels, students will be rewarded for extending or adapting models that otherwise do not automatically fit a business situation. CIM qualifications are practitioner-focused so application demonstrates that students are able to use and adapt what they have learnt to a variety of marketing and business situations.

'Evaluation' includes a range skills that ultimately demonstrate insight; at the lower levels it will include doing some straight forward analysis and drawing conclusions from that analysis; it will also include making recommendations. At higher levels, we expect students to be *critical* in their approach by using models, concepts and techniques in their analysis and to compare the results obtained. We would expect students at this level to be able to assess an organisation's capabilities and assets, and the opportunities presented by the market. They may also use these tools to justify their conclusions and to support the rationale of any recommendations, or as the means for critical evaluation, e.g., of the outcomes of a plan. The essence of this skill is to use concepts and theories to provide *objective reasoning* – in both analysis and evaluation. If the student expresses an opinion, they need to be able to substantiate that view with a reasoned argument. If an examiner reads a student's piece of work and can ask 'How?' or 'Why?' then insufficient rationale has been provided; to gain good marks, justification needs to be given and should include references to relevant concepts and theories.

So, it should not be assumed that only up to 15% of the marks available at postgraduate level can be obtained from what people have learnt, many more are potentially available from both 'Application' and 'Evaluation' if students apply this material and use it to support and justify their arguments. Students need to be able to 'pick and mix' from what they have learnt, integrate relevant theories and ideally, synthesize their knowledge to create innovative solutions to complex and unpredictable business situations. We often see evidence that students can analyse a situation but then lack the insight into how to implement a solution that takes account of the practical issues of e.g., obtaining buy-in, gaining commitment from external stakeholders, leading the change process.

'Format and Presentation' – up to 10% of marks are available for work that is presented in a professional way using the format requested and the appropriate tone given the audience suggested in the question/task. Additionally, assignment-based work must have all the sourced material in contains acknowledged within the text and suitably referenced using the Harvard Referencing protocol. These are 'easy' marks that are within the students' control, particularly when the assessment is not done under time-constraint. There is no excuse for poor spelling or grammar as work should be checked carefully prior to submission. Students should avoid 'walls of words' and unless the question/task asks for something else adopt a 'report style' by using headings and sub-headings as a way of sign-posting key points and different sections of work.

In an examination, some time spent planning is usually time well spent as students' work then tends to be more progressive and coherent and less repetitive. Students may well need to practise organising and presenting their ideas under time-constraint conditions as sometimes people who can put together strong arguments verbally are not always as good at doing this on paper. All too often, under the pressure of time, students seem to resort to operational and personal perspectives rather than structuring their ideas in a strategic and objective way. Students need to be skilled at understanding what is required in an exam question and then to plan their time according to the marks available for the different parts of the paper they need to complete. Meeting the assessment criteria for assignments is similar in that students should apportion their work according to the marks available for different tasks.

At Level 7 students may be asked to present their work in a number of different formats. It is important that they do this if they want to pick up the marks available for format. Within the specified format they should adopt a tone and approach suitable for the intended audience including financial analysis where appropriate. The different formats that might be asked for at this level are outlined in Appendix 3.

Communication is an essential skill for any marketer, particularly those functioning at senior level. Therefore, being able to communicate effectively is an integral part of achieving this qualification. Many of the skills and competences developed in the process of meeting the learning outcomes will develop professionalism and increase students' personal marketability.

Leading Marketing

The CPGD has two stages, and 'Leading Marketing' is the second stage of this qualification. It provides a practical framework for students to put into practice many of the learning outcomes that will have been achieved by completing Stage One of the qualification. The course provides the opportunity for students to apply academic knowledge to business situations at strategic level, and the assessment requires them to design, implement and evaluate a strategic business project. The business project will exploit the opportunities offered by, or minimise the threats posed by, an emerging marketing theme within their organisation and/or business sector. The intention of the programme is that tutors will facilitate students' understanding of what is required, and then help the students to establish 'action learning sets' (ALS) whereby much of the learning will be achieved through students sharing issues and problem solving with each other.

As well as the business project students have to assess their own skill set prior to implementing their strategic project and, with the support of a business mentor, to identify skills which need further development if they are to function effectively at senior level. Students are required to record and reflect on their experiences in a learning log and, with the support of their business mentor, to develop these areas of professional competence.

The self-managed learning experience of Leading Marketing will add value to the student's organisation and/or business sector and develop their personal and professional skills, knowledge and behaviours. For students who have been recording their CPD, it will also provide a route to Chartered Marketer as well as the Chartered Postgraduate Diploma in Marketing.

A Student Handbook has been written to guide students through the learning and assessment process of this unit, and the outcome – their 16,000 word project will be a powerful testimony to their learning and achievement.

Summary

The Chartered Postgraduate Diploma in Marketing was designed to enable students to:

- make the transition into strategic management
- work more cross-functionally at a senior management level
- make a significant contribution towards the organisation's corporate and business strategy
- contribute to board decisions
- demonstrate a high level of leadership and influence.

The intention of this document is to provide tutors with an insight into how to help students achieve this qualification and establish them as 'professional practitioners' in the field of marketing who can contribute to an organisation's success.

References

Anderson, L.W. & Krathwohl, D.R. (eds) (2001), *A Taxonomy for Learning, Teaching, and Assessing: A Revision of Bloom's Taxonomy of Educational Objectives*. New York: Longman

Bloom, B. S. (ed.) (1956), *Taxonomy of Educational Objectives, the classification of educational goals – Handbook I: Cognitive Domain* New York: McKay

Websites

www.criticalthinking.org

www.learningandteaching.info/learning/bloomtax.htm

APPENDIX 1

Chartered Postgraduate Diploma in Marketing (Level 7): Grade Descriptors

	Grade A	Grade B	Grade C	Grade D
	This grade is given for work that meets all of the assessment criteria to secure at least 70% and demonstrates a candidate's ability to:	This grade is given for work that meets all of the assessment criteria to secure at least 60 % and demonstrates a candidate's ability to:	This grade is given for work that meets enough of the assessment criteria to secure at least 50% and demonstrates a candidate's ability to:	This grade is given for borderline work that does not meet enough of the assessment criteria to secure a pass and is within the band 45 - 49%. This may be due to:
Concept 15%	identify relevant theoretical principles commensurate with postgraduate level and critically apply and evaluate these within a senior marketing management context using originality of thought	identify relevant theoretical principles commensurate with postgraduate level and critically apply and evaluate these within a senior marketing management context	identify relevant theoretical principles commensurate with postgraduate level and apply these within a senior marketing management context	repeating case material rather than evidencing knowledge of the marketing discipline at Postgraduate Diploma level
Application 30%	critically analyse complex, incomplete or contradictory areas of knowledge of a strategic nature and communicate the outcome effectively synthesise information, with critical awareness, in a manner which is innovative and original utilise knowledge, theories and concepts from the forefront of the discipline/practice, demonstrating a mature and analytical understanding and awareness of managing and working at a strategic level	analyse complex, incomplete or contradictory areas of knowledge of a strategic nature and communicate the outcome appropriately synthesise information in an effective manner, utilising appropriate knowledge, theories and concepts apply relevant contemporary issues demonstrating a detailed understanding and awareness of managing and working at a strategic level	analyse areas of knowledge of a strategic nature and communicate the outcome satisfactorily analyse information, in an appropriate manner, utilising knowledge of theories and concepts include some contemporary issues demonstrating an awareness of managing and working at a strategic level	a lack of knowledge and understanding of a strategic nature limited analysis of information with limited reference to theories and concepts limited inclusion of contemporary issues and limited awareness or understanding of managing and working at a strategic level
Evaluation 45%	produce reliable, valid and incisive conclusions and strategic recommendations based on findings critically evaluate marketing concepts, theories and methodologies, arguing alternative approaches, with evidence of an exceptional level of conceptual understanding of strategic issues apply initiative and originality of thought in problem solving and make decisions in complex and unpredictable situations	produce reliable and informative conclusions and strategic recommendations based on findings evaluate marketing concepts, theories and methodologies, arguing a range of approaches, with evidence of a high level of conceptual understanding of strategic issues apply initiative in problem solving and decision making	produce reliable conclusions and strategic recommendations based on findings evaluate marketing concepts, theories and methodologies, with evidence of a competent level of understanding of strategic issues apply techniques of problem solving and decision making	superficial conclusions and strategic recommendations which lack depth insufficient evaluation of marketing concepts, theories and methodologies, evidencing a lack of understanding of strategic issues an inability to apply appropriate techniques for problem solving and decision making
Presentation 10%	engage confidently in academic and professional communication, reporting on actions clearly, autonomously and competently	engage in academic and professional communication, reporting on actions clearly, autonomously and competently	engage in academic and professional communication, reporting on actions clearly, autonomously and competently	inappropriate use of academic and professional communication

APPENDIX 2
Mastering Command Words Across the Levels continued

Command Word	Introductory Certificate level	Certificate level	Diploma level	Postgraduate level
Analyse: Examine a topic together with thoughts and judgements about it	Can analyse factual information and relevant information using a narrow range of given models, principles and definitions	Can analyse a range of materials and a selected number of sources with minimum guidance using given models, principles and definitions Can compare alternative models and techniques with using appropriate rationale and criteria	Can analyse new and/or abstract data and schools of thought and can consider alternative solutions and outcomes independently, using a range of appropriate models, principles and definitions Can compare and analyse alternative models and schools of thought using appropriate rationale and criteria	Can analyse complex, incomplete or contradictory areas of knowledge and diverging schools of thought using appropriate models, principles and definitions Can analyse a range of models and schools of thought independently demonstrating critical awareness and originality of thought
Appraise Evaluate, judge or assess	Can provide a factual account of the subject area, using appropriate terminology Can demonstrate an awareness of ethical issues in current areas of study and is able to discuss these in relation to different contexts	Can provide a detailed account of the subject area including key theories and models Can demonstrate an understanding of the wider social and environmental implications of different contexts	Can provide a comprehensive and detailed critique of the subject area demonstrating an in depth understanding and awareness Can incorporate a critical ethical dimension when analysing lines of argument	Can evidence a depth of understanding and a substantial body of knowledge working with ideas and models that are at the forefront of the discipline Can demonstrate awareness of and ability to articulate the implications of conflicting ethical dilemmas
Argue Provide reasoned arguments for or against and arrive at an appropriate conclusion	Can produce logical arguments in response to a given brief using terminology correctly	Can produce reasoned arguments in response to a given brief using terminology correctly	Can engage in an effective debate in a professional manner evidencing a comprehensive understanding and application of key principles	Can critically analyse complex, incomplete or contradictory areas of knowledge of a strategic nature and communicate the outcome effectively
Assess Evaluate or judge the importance of something, referring to appropriate schools of thought	Can consider and report on a range of information for a specified task	Can constructively consider and effectively assess a wide range of information for specified tasks	Can synthesise and assess new and/or abstract information and data in the context of wide ranging problems, using a range of techniques	Can assess a wide range of theoretical principles/methodologies, applicable to the discipline and their own work and apply these within a senior marketing management context

APPENDIX 2
Mastering Command Words Across the Levels continued

<p>Compare and contrast Look for similarities and differences leading to an informed conclusion</p>	<p>Can consider the similarities and differences between two contexts</p>	<p>Can constructively consider and effectively analyse the similarities and differences between two or more contexts</p>	<p>Can synthesise and analyse the similarities and differences between two or more contexts in a manner that is innovative and original</p>
<p>Define Write the precise meaning of a word or phrase. Quote a source if possible.</p>	<p>Can define key words reflective of a body of knowledge at level 3</p>	<p>Can define key words reflective of a body of knowledge at level 4</p>	<p>Can define key words reflective of a body of knowledge at level 6</p>
<p>Describe Give a detailed account of</p>	<p>Can put forward key ideas and specific points related to a given purpose</p>	<p>Can constructively consider and clearly describe a range of ideas and information towards a given purpose</p>	<p>Can synthesise and analyse new and/or abstract ideas and information and present a clear description and account of the findings</p>
<p>Demonstrate Explain, using examples</p>	<p>Can clearly explain key points, using illustrative examples to underpin concepts used</p>	<p>Can clearly explain a range of ideas, using illustrative examples to underpin concepts used</p>	<p>Can explain and utilise theories and concepts from the forefront of the discipline/practice demonstrating a mature and analytical understanding and awareness of principles and practice at a strategic level</p>
<p>Discuss Investigate or examine by argument and debate, giving reasons for and against</p>	<p>Can produce logical arguments in response to a given context, using appropriate marketing terminology</p>	<p>Can produce well structured, coherent and detailed arguments in response to a given context, using marketing terminology fluently</p>	<p>Can synthesise information, with critical awareness in a manner which is innovative and original using language which is appropriate at a senior level</p>
<p>Evaluate Make an appraisal of the value (or not) of something, its validity, reliability, applicability</p>	<p>Can evaluate information and data accurately using defined techniques and/or tutor guidance</p>	<p>Can select appropriate techniques to evaluate the relevance and significance of the information and data collected</p>	<p>Can critically evaluate complex, unpredictable and contentious information, often in a specialist context and arrive at informed conclusions and argue alternative approaches</p>

APPENDIX 2
Mastering Command Words Across the Levels continued

Explain Make plain, interpret and account for, enlighten, give reasons for	Can present relevant information demonstrating understanding of the subject matter	Can present valid and relevant information evidencing understanding and application of key principles relevant to a defined context	Can present complex information evidencing comprehensive knowledge, understanding and application of key principles relevant to an applied context	Can present complex, incomplete or contradictory areas of knowledge of a strategic nature and communicate the information effectively
Illustrate Give examples to make clear and explicit, to demonstrate	Can apply relevant examples to underpin key points	Can apply a wide variety of illustrative examples to underpin concepts used	Can apply a wide variety of illustrative examples to underpin findings supported by references to wider reading to exemplify points	Can apply relevant contemporary issues demonstrating a mature and analytical understanding and awareness of strategic issues that are at the forefront of the discipline
Justify Support recommendations, explanations or arguments, with valid reasons for and against	Can provide clear lines of argument	Can support lines of argument with relevant information from a range of sources	Can effectively communicate well structured and coherent arguments relevant to appropriate contexts	Can articulate complex arguments with critical awareness in a manner which is innovative and original
Outline Give main features or general principles, ignoring minor details	Can selectively identify valid and relevant information from a range of sources relevant to level 3	Can selectively identify valid and relevant information from a range of sources relevant to level 4	Can selectively identify valid and relevant information from a range of sources relevant to level 6	Can selectively identify valid and relevant information from a range of sources relevant to level 7
Recommend Put forward proposals, supported with a clear rationale	Can produce reliable and valid conclusions and proposals using given classifications/principles appropriately contextualised to a given context	Can produce reliable and valid conclusions and proposals based on abstract data and information, appropriately contextualised to a given context	Can produce reliable and valid conclusions and proposals based on abstract data and situation, appropriately contextualised to a given context	Can produce reliable, valid and incisive conclusions and proposals based on complex, incomplete or contradictory data or information, appropriately contextualised to a given context
State Present in a clear brief form	Can present a range of information using given classifications/principles, appropriately contextualised to a given context	Can present new and /or abstract data and information in a clear and concise manner, appropriately contextualised to a given context	Can present new and/or in a clear and concise manner abstract data and situations, in a clear and concise manner, appropriately contextualised to a given context	Can present complex, incomplete or contradictory data or information in a clear and concise manner, appropriately contextualised to a given context
Summarise Give a concise account of the key points, omit details and examples	Can summarise ideas and information	Can summarise information and collate in a logical manner	Can summarise abstract information, data and contradictory information in a logical, and concise manner	Can summarise complex, contradictory or contentious information in a logical and concise manner

APPENDIX 3

GUIDANCE ON FORMATS FOR CIM ASSESSMENTS

Candidates must be advised that there is not a prescriptive approach to producing documents for assessment. The content and structure of the document depends upon the audience addressed and the subject matter.

Candidates can undertake research on different types of documents by looking at what is available on the internet. For example, putting in the words “discussion papers for conferences” brings up a wide variety of discussion papers for a conference audience.

The following examples are intended as illustrative examples that could be adopted by candidates when presenting their work. It is not meant to be prescriptive guide that must always be followed and it is not guaranteed to gain a candidate full marks – it is, as stated, a guide only of a possible design structure.

Reports

When producing the report, candidates should adopt a formal style by writing in the third person. The document needs to be well structured, accurate, concise and clear. The following format provides one suggested approach for compiling the report, although an alternative approach is acceptable if it results in a systematic, well organised document.

- *Title Page*: the title of the report, who the report is written for, who it is written by and the date.
- *Terms of reference*: the purpose of the report.
- *Procedure*: the process followed
- *Executive summary*: the main points of an in-depth report enabling the reader to understand the report without the need to read it in full
- *Findings*: main findings of research. This section needs to be clearly structured and should show evidence of presentation of facts, not opinions. There also needs to be evidence of analysis and application of the research findings. Charts and diagrams should be included in the appendix and referred to in the findings. It is important that conclusions and recommendations are separated out and not included in this section.
- *Conclusion*: summary of findings and the implications of these findings to the organisation(s). It is important that new information is not introduced in this section. The emphasis should be on drawing together what was presented under findings in a well-structured summary.
- *Recommendations*: provide informed recommendations based on findings.

It is important that all relevant sources are noted within the report and these can be included within a reference section at the back of the report and referred to when relevant in the main body of the report.

Discussion Papers

A discussion paper is a document created as a basis for discussion rather than as an authoritative statement or report. It can take different forms. However, the following two examples illustrate possible approaches:

Example One

- Clear, succinct title
- Name of author and date
- Terms of reference
- Abstract (short explanation on motive, method, key results, conclusions)
- Introduction (motive of undertaking the research)

- Introduction including suggested approach
- Statement of main findings
- Explanation/implications of the findings
- Alternative approaches
- Implications of alternative approaches
- Summary
- Recommendations
- Bibliography
- References

Example Two

- Clear, succinct title
- Name of author and date
- Abstract
- Method (outline what was done, what theories were used)
- Results (outline of results)
- Discussion of conclusions from research results
- Conclusions (draw together most important research results and their consequences)
- Bibliography
- References

Example Three

- Date
- Author
- The audience
- The purpose
- Executive summary
- Background information (how does the problem/issue arise)
- The main points of discussion, the contentious points/pros and cons, opportunities and threats
- Summary
- Next steps
- References
- Bibliography

Briefing Paper:

A briefing paper includes relevant information about and analysis of a particular subject. The following examples are proposed formats:

Example One

- Clear, succinct title
- Name of author and date
- Subject Matter
- Background information
- Analysis
- Summary
- Recommendations
- Bibliography
- References

Example Two

- Clear, succinct title
- Name of author and date
- Subject matter
- Abstract
- Rationale
- Evidence

- Research Findings
- Conclusions
- Bibliography
- References

White papers

A white paper is a referenced document that explores research, arguments or schools of thought on a specific issue. The white paper usually identifies the problem, proposes solutions and looks at the benefits. It should also include a plan of action. A useful reference source is Michael Stelzner, *How to Write a White Paper—A White Paper on White Paper*.

The following example illustrates one possible approach to producing a white paper:

- Clear, succinct title
- Name of author and date
- Subject matter
- Outline of problem/issue/area for investigation
- Evaluate the context/background to the problem
- Propose solutions to resolve the problem including the benefits derived
- Propose a course of action
- Bibliography
- References

Articles

Articles are designed to appeal to a wider audience and therefore a balance needs to be achieved in producing a document that is both interesting to the reader as well as being academically robust and appropriately referenced.

The following example illustrates one approach to writing an article:

- Title
- Summary
- Introduction
- Body with supporting facts
- Ending/ closing

When writing online bullet points, numbered lists and subheadings should be used to break up text.