THE MARKETING PROGRAM
OF
CHAFIC BEKDACHE & SONS S.A.L
FOOD SERVICE EQUIPMENT

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THE MARKETING PROGRAM

OF

"CHAFIC BEKDACHE & SONS" S.A.L.

A Research Topic
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Management

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TITLE OF RESEARCH TOPIC: THE MARKETING PROGRAM OF
"CHAFIC BEKDACHE & SONS" S.A.L.

The following Professor, nominated to serve as the
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To my mother who taught me to trust my own judgement and encouraged me to go my own way.

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CBF "Chafic Bekdache & Sons"

Chapter I

Introduction

Company Profile

"CHAFIC BEKDACHE & SONS" S.A.L was established during World War II. It was specialized in paper and stationary in Ma'rad Street. In 1942, it handled the following lines: Study, Supply and Installation of Food Service and Laundry Equipment, Commercial Refrigeration and Allied equipment. Their customers included: Hotels, Hospitals, Restaurants, Fast food, Supermarkets, Campuses, Universities, Snack bars, Catering, Clubs etc..... In 1958, a branch was opened in the middle of the commercial region in Howayek Street for hotel provisions, restaurants and hospitals. This was the major source of Food Service Equipments distributed to all Arab countries and then its market expanded from Congo in Africa to Kabul/Afganistan in Asia. The range of its exports to these countries is approximately 60%; the goods received quickly from the free zone with no custom duties.

Despite the civil war, the absence of goods in the free market and in the show room located in Hawayek Street, and the loss of almost all the agencies (because of the bad situation in the commercial zone), the company expanded its agencies

until it became one of the biggest commercial companies in furnishing hotels in the Arab East. For instance, CBF's experience with the Gulf markets dates back to 1971, operated out of Beirut, Lebanon. Due to communications difficulties resulting from the unstable political situation in Lebanon, they decided to establish operations in Dubai, United Arab emirates, reflecting their keen interest in continuing to render professional services to the Gulf customers. The company imports its products from different foreign countries like the United States, Canada, Switzerland, Holand, Finland, Denmark, France, and Italy, and produces some products locally.

In 1981, the company changed into S.A.L. Company and opened a branch in Verdun area to give the opportunity to the third generation of the Bekdache family to contribute to the growth of the company. It was at this time that the company started to bring the newest equipment and provisions of bakery, refrigerators for hotels, restaurants, supermarkets and equipment for laundry, hotels and hospitals.

At present, the company has a wide variety of equipments, and spareparts to supply all the above mentioned organizations in the local and foreign markets at competitive prices. This is because all its products are stored in warehouses in Lebanon located in the free zone exempted from custom duties.

Over twenty one years, CBF has completed the following projects:

1970 : Furnished the Messilah Beach Hotel in Kuwait.

1979-

1980: CBF's company headed the project of the New Beirut Market (French Land) area estimated at 10,000 square meters.

1980 : Habbanieh Tourist country project in Baghdad - Iraq.

1981 : Renovated Baghdad Hotel In Iraq.

1985 : Ventured into a big project for installation and provision of all equipment needed for a Commercial Center in Doha - Qatar.

This project covered: supermarkets (caddie, Detroit Brand), full automatic bakery for Arabic Bread, bakery for french

Bread (Electro Dahlem Brand), laundry equipment (Electrolux Brand), modern butchery and steam ironing.

The company succeeded in taking this project despite the recession and the competition from several Italian, Lebanese, British and local companies.

1986 : Two projects in Doha-Qatar: two villas (kitchen and pastry) and the Ministry of Interior (canteen).

1987 : Another huge project was acquired in the Canary Island (Spain) which covered the Columbus Hotel with its 516 rooms, again, one more project in Doha -Qatar: Arabic Bread Automatic Bakery in the Ministry of Interior.

During

1982-88: two villas for Mr. Rafic Hariri in Lebanon were furnished.

1989 : A project for the Police Training Institute in Doha-Qatar was taken.

1990 : Furnishing the Holiday Inn Hotel in Dubai still under construction.

Operating out of Lebanon during recession, the company had been awarded several projects in Lebanon, Gulf countries and Spain (Canari Island). The total value of the major projects carried out during the 1979-89 period is estimated at about 2.6 million US Dollars.

With all these accomplishments, it is obvious that at the root of their success is a strong belief in fully satisfying the customers through quality products and professional services. The services that the company offer locally and internationally are planning, designing, contracting, supplying, installing and after sale services.

Of central interest is that "CHAFIC BEKDACHE & SONS" place at the service of their customers the following:

- a. Largest and most complete line of equipment in one single show room.
- b. A range of top quality, top performance products.
- c. Best technically trained and qualified technicians.
- d. A project-study department that copes with small and large operations.

CBF's performance has such an impact that it had influenced nations abroad to write about them in the "Hotel & Restaurants International Magazine". (see Appendix). Moreover, Columbus Hotel has given Mr. T. Bekdache a certificate that recommends their services and dealings with clients (See Appendix). The local magazines have also written about the company's success in FOOD SERVICE EQUIPMENT. (See Appendix)

Throughout their experience, they have emphasized on the awarded jobs, quality of work and a strict adherence to the agreed completion dates. At the same time, they have recognized the competitive nature of the business and thus, have never comprised on quality.

Purpose of the Study

The purpose of this study is to analyze the marketing strategies of "CHAFIC BEKDACHE & SONS" in Lebanon. The study will describe the policies used by CBF's company in order to cope with the turbulent Lebanese environment.

An area review of the evolution of the political and economical situation in the country will first be presented, followed by a study of the competitive climate. Major opportunities as well as threats will be pointed out and the company's strengths and weaknesses analyzed. Finally, CBF's marketing strategies identified , analyzed and evaluated.

Limitations of the Study

The major limitations of this study arise from the dearth of company data since in most cases they were considered confidential. Moreover, there are geographic limitations which forced me to concentrate mainly on those companies based in the western part of the country because of the prevailing security situation.

Chapter II
Marketing Environment

Relevant Macro Environment

The company's marketing environment in Lebanon subscribe to the free enterprise system and follow an open door policy with regard to trade; the propensity to import is very high and business-men operate in an environment of minimum government intervention.¹

A Combination of economic, political, technological and demographic factors have influenced the marketing strategy of CBF's company.

Demographic Enviroment

Ever since 1975, the demographic enviroment in Lebanon has experienced an unbalanced behaviour in its growth. In the absence of official statistics, the population increase is estimated at an average annual rate of 1.7% as shown in Table 1.

1. NIMR EID, The Legal Aspects of Marketing Behaviour in Lebanon & Kuwait (Beirut: Librairie du Liban, 1976), p. 1.

Table 1

Data Population*

Estimate of the Lebanese Population

(1975-1988)

Total			
<u>Year</u>	<u>Population</u>	<u>Residents</u>	<u>Immigrants</u>
1975	2,849	--	--
1976	2,897	2,272	625
1977	2,946	2,625	321
1978	2,996	--	--
1979	3,090	--	--
1980	3,160	--	--
1981	3,213	2,981	232
1982	3,267	2,812	455
1983	3,323	2,653	670
1984	3,379	2,644	735
1985	3,437	2,635	802
1986	3,495	2,660	835
1987	3,455	2,686	769
1988	3,515	2,713	802

* Population figures in Thousands

Source: "ECWA, Economic Commission for Western
Asia, April 1989.

The civil war in Lebanon in 1975 has led to the migration of Beirut residents to the south, north, Bekaa valley or to travel to foreign countries where temporary accommodations or job opportunities were available. The new wave of internal and external migration produced an increase in the demand for construction and renovation of hotels, restaurants, snack bars and clubs. Mr. T. Bekdache, Sales Manager, has been conscious of these developments over the years and tried to capitalize on them. The company followed its customers in their geographical moves by increasing its marketing activities in a way to reach its customers at their new residence and to strengthen their awareness of its name.

Migration has led the Lebanese to spend their savings outside. The evaluation of this savings from US \$ 3.3 billion in 1981 to US \$ 7.0 billion in 1988 is either from transfers from Lebanese or from work abroad. This is shown in Table 2.

Table 2
Lebanese Savings outside

<u>Year</u>	<u>Billion Dollars</u>
1981	3.3
1982	3.4
1983	4.0
1984	4.4
1985	4.8
1986	5.4
1987	5.7
1988	7.0

Source: Al-Nahar, 4/9/1989

Political Enviroment

A brief presentation of the evolution of the political situation in Lebanon is necessary to provide an appropriate background to "CHAFIC BEKDACHE & SONS" strategies.

Until 1975, the Lebanese economy was growing at such remarkable rate that all events that shook up the country from the protracted period of

internal hostilities in 1975-76 to the Israel invasion of Lebanon in the summer of 1982 could not demolish the basis of the economic structure.

Starting with the year 1975; many of the advantageous factors and circumstances which fostered the early growth of the Lebanese industry were gradually lost. At the same time, the industrial sector suffered considerable losses as a result of the repeated bouts of fighting in Lebanon, as well as the climate of political instability and uncertainty.

With the return of relative calm in 1977, a limited recovery started in CBF's company, but by the end of the year only an estimated 13% of productive capacity lost during 1975-76 was regained.

Renewed fighting in the second half of 1978 forced most firms especially CBF's company to operate at almost 60% of its full capacity.

Between 1978 and 1980, their industrial output at current prices increased by 80%.² In 1982; however, Lebanon faced an economic crisis in the

2. Chafic Bekdache & Sons reports

industrial sector. The Israeli invasion made things worse and proved to be another major setback to the Lebanese industry. Many firms in the South and in Beirut and its suburbs were either damaged or completely destroyed. The protracted closure of Beirut Port and Beirut Airport, as well as other sea ports, which are the major means of supply from Europe and the overland transport route from Beirut, cut off CBF's company from export markets and supplies of raw materials. This, together with the low labour turnout forced the company to stop production and to operate significantly below full capacity. Moreover, distribution, which heavily relies on this passage route between the different areas along the demarcation lines, became frustrating as it was contingent upon the security situation and the moodiness of the military factions in control. In addition to all this, huge expenses were incurred due to this irregular situation in terms of illegal taxation to war-lords as well as additional transportation costs.

For example, containers had to be shipped from the port of Saida to the warehouses in West Beirut, where as before all goods were stored in a special room in Beirut Port rented in CBF's name. And from

there, goods will be shipped to their clients or to their showrooms in Verdun. Moreover many projects were frozen due to the same reasons.

However, the company survived with a minimum damage by rapidly adapting to the changing environment. The continued interaction of Mr. T. Bekdache, with the neighbouring countries, especially oil-producing states, helped the company minimize the damage caused by the war.

Economic Environment

Even in 1983, there were indicators and hopes that Lebanon would soon return to normalcy. However, Lebanon incurred a substantial deficit in its budget and this has adversely affected the exchange value of the Lebanese pounds.³ It should be noted in this respect that the exchange value of the Lebanese pound dropped from an average of LL 2.95 per US\$ 1 in 1978 to LL 6.5 per US\$ 1 in 1984 to LL 410.00 per US\$ 1 in 1988 to LL 700.00 per US\$ 1 in 1990. see table 3.

3. Al Nahar Arab report and memo, January 16, 1984, p. 7.

Table 3

Average Exchange rate

\$ 1 = LL

<u>Year</u>	<u>average exchange rate</u>
1974	2.33
1975	2.29
1976	2.87
1977	3.07
1978	2.95
1979	3.24
1980	3.44
1981	4.31
1982	4.73
1983	4.53
1984	6.51
1985	16.42
1986	38.37
1987	224.74
1988	410.00

Source: Banque Du Liban, Department of Statistic
and Economics.

By 1983, Lebanon had already suffered seven years of intermittent violence followed by the Israeli invasion. Crude indicators suggest that the level of economic activity, as measured by real GDP, gross domestic product, declined in 1976 to roughly half its 1974 level.

During the 1976-81 period economic activity recovered but in 1981 real GDP was still about 20% lower than in 1974. In 1982, GDP, in real terms, decreased by 10 percent from its 1981 level. The partial recovery in the economic aggregates during the five years preceding the Israeli invasion in 1982 was reversed during 1983. Real GDP in 1984 and 1985 was less than 70 and 65 percent respectively of 1982. It is worth mentioning that GDP is the only available measure of income in Lebanon.

At the time the prospects for the Lebanese economy seemed gloomy. Another factor, the steady decline in the value of the Lebanese pound is directly reflected in the cost of living as Lebanon depends on imports for 2/3 of its total consumption.⁴

4. Source: Chamber of Commerce and Industry.

Table 4
GDP of Current Prices

<u>Year</u>	<u>Millions (\$)</u>
1974	8,137
1975	3,578
1976	2,107
1977	3,318
1978	3,861
1979	4,497
1980	5,524
1981	5,234
1982	5,136
1983	5,859
1984	4,877
1985	2,939
1986	2,697
1987	1,836
1988	2,000

Source: Al-Nahar 25/3/1989

Table 5

GDP per capita at Current Prices

<u>Year</u>	<u>Millions (\$)</u>
1978	989
1979	1,113
1980	1,289
1981	1,306
1982	1,203
1983	1,352
1984	901
1985	347
1986	144

Source: Al-Nahar 27/11/1989

Therefore, the consumer will have to completely modify his standard of living and his shopping behaviour for most goods and services. Some machines will be totally wiped out from his shopping need for his organization (restaurant, snack bar,...) and will be replaced by equivalent low price substitutes.

Yet what is more important is that the consumer will gradually evolve toward a comparative shopping behaviour where price - besides quality, design and brand image - will be one of the decisive purchasing factors.

The Lebanese recession of 1983-90 coincided with similar recessions in most, if not all, of the Arab countries. In 1983, there was a drastic decline in the importance of the Iraqi market which was primarily due to the economic retrenchment in Iraq arising from the burden of its war with Iran.

Projects moved to the Arab countries, primarily the Gulf, Iraq, and Syria, which, were liable to considerable fluctuations in line with the political and economic situation in these countries. For instance, the Gulf War has affected some of CBF's operations: three big projects in Dubai and Kuwait were put on hold.

The growth of the kitchen markets; for instance, is deeply affected by the prevailing environmental conditions. Most important is that the drastic devaluation of the Lebanese pound which has dramatically reduced expected sales of food

service and laundry equipment quoted in US dollars, French Francs, Italian Lire whereas buyer's income is in Lebanese pounds.

As the difference is tremendous, one can understand why organizational buyers hesitate before undertaking any capital investment and prefer to postpone such a decision for better times.

Technological Enviroment

Inventions and changes in technology have created a constant stream of new products and improvements in old products. The search for better food service and laundry machines led to the beginning of computerized systems.

The use of a technological advance affects the company in several ways; the effects, largely depend on whether the company itself or a competitor introduces the advance.

"CHAFIC BEKDACHE & SONS" had preliminary products that worked on gaz. But now, they have more sophisticated and developed computerized systems in their equipments to serve customers quickly and efficiently.

At the beginning, the development of mechanical refrigerators threatened the entire industry that made and distributed ice to restaurants, hospitals, and snack bars. Changes in technology have created many opportunities for developing new products and innovative methods of servicing customers. For instance, there are new technological changes in the cold rooms which are: from gas to electrical to computerized system (Wisner Brand, Detroit Brand). Moreover, gas or electric ranges have replaced the wood-burning hot cooking line. Now the computerized system replaced the gas - electric - steam heated hot cooking line. (Alprinox Brand, Hanipeni Brand). This will greatly lessen the amount of effort exerted and time consumed by the restaurant cooker in food preparation.

As a result of the high cost of developing and introducing new technologies and products' many companies are making minor products' improvements instead of gambling on major innovations. "CHAFIC BEKDACHE & SONS" changed from the heavy duty spare parts to the chrome-plated and plastified parts.

(detroit Brand). Prices for the latter are cheaper and have lesser air freight expenses when servicing abroad.

The development of new technology and the ability to translate these technologies into forms usable by and desirable to consumers would give a company in this field an advantage over its competitors.

Competitive Environment

The competitive environment is the market place in which firms compete among themselves for business and resources, the market opportunity to affect the behaviour of other firms by the actions that it takes, it is also affected by the actions of other firms.⁵

Identifying the Company's competitors

Every company faces a wide range of competitors. Normally it would seem a simple task

5. David J. Reibstein, Marketing, (Englewood Cliffs, New Jersey: Prentice-Hall, Inc. 1985) p. 60.

for a company to identify its competitors. "CHAFIC BEKDACHE & SONS" knows that "Kitcherama", with long past experience in the field of installation of kitchen and laundry equipments is its major competitor in Lebanon. At a direct level, CBF can define its competitors as other companies offering similar products and services to the same customers at similar prices.

Determining Competitor's objectives

Having identified the main competitors, the marketing management in CBF's company would like to identify:

What each competitor is seeking in the market place? What determines each competitor's behaviour?

They believe "Kitcherama" will simply drive to maximize its profits and choose its actions accordingly. Kitcherama's main objective is to increase market share, take over market leadership and expand its market size internationally .⁶

6. Interview with Mr. Hassan Hamadi, General Manager of Kitcherama.

Identifying Competitors Strategies

"CHAFIC BEKDACHE & SONS", and "Kitcherama" belong to a strategic group of Restaurants and Hotels provisions that market a full line of high quality appliances and charge a premium price.

The customer may not see much differences in the offers of these different groups. They may see little difference in quality, for example between "Kitcherama" and "CHAFIC BEKDACHE & SONS".

"Kitcherama" now offers an average quality, approximately full line of kitchen equipment, and average price line of kitchen appliances to compete with CBF's company. Mainly at the beginning, Kitcherama entered the market with low price products with the same if not better technology than CBF.

"Kitcherama" uses their local advertising to promote their brands, thus enabling themselves to make an impact as low-price sellers of major kitchen appliances. Nowadays there is much advertising in newspaper: El-Nahar & El-Safir stating the projects that had been achieved. (see Appendix).

Moreover, "Kitcherama" grants quantity discounts on a full line of hotel and restaurant equipment when the line is likely to be purchased by only one of the very few customers. Also, it grows by catering to a discriminating clientele and emphasizes an assortment of low-quality appliances with food service. For example, if a customer has an old equipment which is bought from another firm, "Kitcherama" will fix the spare part without the service charge. Also, when a new customer buys an appliance from "Kitcherama", the installation is free and maintenance and service are free for 6 months. So "Kitcherama" always finds ways to offer new or better services to customers.

In addition, "kitcherama" arranges generous financial terms to customers buying their equipments. This is important because of the large sums of money involved. For instance, it allows the customer to make several payments over a period of time.

To over come this situation, CBF needs to know more about Kitecheram's sales-force strategy, appliances, brands and sales promotion program.

But in searching for competitors' weaknesses, "Kitcherama" now believes that it has the best quality in the market when it is in fact no longer so. It is a competitor centred company whose moves are mainly based on CBF's actions and reactions. To counter attack Kitcherama, CBF monitors the activities of this competitor and tries to keep a competitive edge over them and be quick in courting every effort in order not to be left behind. For example, CBF send specialized messengers to investigate the markets and to submit reports on any change in the market that might frustrate the achievement of projects.

Thus, CBF developed the primary approaches in analyzing competitors. The analytical process must include identification, description, and evaluation of competitors as well as an estimate of their actions by developing techniques for obtaining competitor intelligence.⁷

7. David W. Cravens. Strategic Marketing. 2nd. ed., (Homewood, Illinois: Richard D. Irwin, Inc. 1987), p. 263 - 65.

Opportunities and Threats

The company's marketing manager must identify the major marketing opportunities created by the changing environment. A company's marketing opportunity is an attractive arena for the company marketing action in which the particular company would enjoy a competitive advantage.⁸

With respect to CBF's company, the following developments must be observed:

- The change in the political regime in Egypt has stimulated an opportunity in its line of business accompanied by Egyptian government open line policy and enhancement of tourism.
- The present stable political situation in Lebanon encouraged customers in East Beirut to renovate their hotels and restaurants and/or open new ones.

8. Philip Kotler, Marketing Management Analysis, Planning and Control, (London: Prentice Hall International, 1984), p. 42.

- Many hotels and restaurants possess old equipment in West Beirut that are fully depreciated and need to be replaced by new ones.

- The end of the Gulf war has given Kuwait a future market for renovating hotels and restaurants.

An environmental threat is a challenge forced by an unfavourable trend or development in the environment that would lead, in the absence of purposeful marketing action, to the erosion of the company's position.⁹

As far as threats are concerned the following developments are identified.

- Price competition among kitchen appliances is tough in Lebanon.

9. Ibid, p. 41

- The devaluation of the national currency makes prices as expressed in Lebanese pounds beyond the reach of many firms.
- Making contracts internally is subject to different kinds of risks: default risk, technological risks, political risks, industrial and marketing risks.
- CBF faced stiffer competition in the local market from illegally-imported items.
- Commercial banks in Lebanon have followed a prudent and rather restrictive policy in granting loans to companies.

Strengths and weaknesses

Every company is unique and has its own strengths and weaknesses. The starting point in developing any marketing program is a careful and honest appraisal of the company's resources. The successful marketing strategy is the one that makes use of the strengths of the firm and avoid its weak points as much as possible.

Strengths and weaknesses can be defined as follows:

Strengths are inside factors that can give the organization a competitive edge over rival firms. While Weaknesses are inside factors that reduce the company's ability to compete effectively in its target market.

The following strengths regarding CBF's company can be identified:

- It is a deeply rooted company with a good reputation.
- It maintains good business relationships with its clientele: customers' satisfaction is very important to the company.
- It is a well known firm in the banking industry.
- It has the most extensive service network in the market and consumers get quick repair service if needed.

- Its financial position is strong, which produces a favourable psychological effect among suppliers and customers.

- CBF's name has a selection of excellent brands and an image of high quality.

Despite the above mentioned strengths, "Chafic Bekdache and Sons" has several weaknesses:

- Some of CBF's salesmen do not have technical background in the Food Service field in order to do a better selling job of its appliances.

- CBF's products are priced higher relative to other brands in the market without being supported by a real perceived difference in Quality Like Ott-swiss in CBF and Carpigiani in kitcherama.

- CBF's management don't have connections outside west Beirut, such as in the Bekaa, the South and the North.

Chapter III

Strategic Planning

Strategic Planning

The Strategic planning process sets the stage for the rest of the planning in the company. It relies on developing a clear mission, supporting goals and objectives, marketing strategy followed by a coordinated marketing program.

Company's Mission

Essentially, a company's mission statement is a statement of the organization's purpose, what it wants to accomplish in the larger environment. "CHAFIC BEKDACHE & SONS" S.A.L mission is,

"Our firm conviction that our country will gradually move towards realizing its goal of becoming a united, strong, proud and prosperous nation leads us to believe that this is an opportune time to revive our relations with our old friends/customers. Also to introduce ourselves to such new organizations who may require our services.

Established in 1941, our company is specialized in the following disciplines: Study, Supply, Installation of FOOD SERVICE and LAUNDRY EQUIPMENT, Commercial Refrigeration and Allied Equipment. Actually, all such equipment that are

required by: Hotels, Hospitals, Restaurants, Fast Food, Supermarkets, Campuses, Universities, Snackbars, Catering, Clubs, etc...

We know by experience that achieving success in such line of business is conditional to one factor: **A SATISFIED CUSTOMER**

Today we place at the service of our customers the following:

- a. Largest and most complete line of Equipment in one single showroom.
- b. A range of top quality, top performance products.
- c. Best technically trained and qualified technicians.
- d. A project-study department that cope with small and large operations.

In light of the above, we look to the opportunity of proving to you our claim for quality, service and professionalism.

Cordially yours,¹⁰

"CHAFIC BEKDACHE & SONS" S.A.L

10. Chafic Bekdache & Sons, Employee Guide

The stated mission of CBT's group is shared by all the constituent units. It acts as the "invisible hand" that guides widely dispersed employees to work together independently and yet collectively toward realizing the company's goals.

Company's Goals and Objectives

The company's mission can be turned into detailed supporting objectives for each level of management.

Objectives are more specific statements that set a standard of performance for management and employees. These are effective when they are stated in a hierarchically, quantitative, realistic and attainable form.

The major objective of "CHAFIC BEKDACHE & SONS" is to improve market share. Market share can be improved:

First, by increasing sales of existing product lines so as to generate more market exposure and gain new consumers. The company strongly believes in giving customers what they need, at the price they are willing to pay and at the place that is most suitable. Sales can be increased by enlarging

the company's share of the Lebanese market and by entering new foreign markets. To raise this share, the company will increase its promotion which calls for more sales people and advertising and to train its sales staff. To enter new foreign markets, the company will cut prices and call on large projects abroad.

Second, the introduction of new kitchen product-lines to broaden the marketing base and to develop and enrich the product assortment. Its product lines are constantly being modified and expanded to satisfy customers needs and wants. Computerized Kitchen appliance were introduced in 1990 for example, Cold Room Equipments, Hot Cooling line etc...

Third, to build the name of CBF's company: In line with the company's mission, "CHAFIC BEKDACHE & SONS" continuously works at maintaining its name. It seeks customers loyalty to its name first then to the brands it offers. Management is eager to see customers coming to its showroom, with trust in the company and then purchasing their requirements, as Mr. T. Bekdache has said.

Marketing Strategy

Marketing strategy is the marketing plan by which the business unit hopes to achieve its marketing objectives. It consists of specific strategies for target markets, the marketing mix and the marketing budget.¹¹

In developing a marketing strategy, the manager faces a great number of possible choices. Each objective can be achieved in a number of ways for example, the objective to improve market share can be achieved by the increase in the overall sales volume and/or by selling more of the higher-price units.

The overall volume can be increased by increasing market growth. In turn, increased market growth comes by convincing people to furnish hotels, restaurants, clubs.. or to replace old appliances more frequently.

11. Philip Kotler - Gary Armstrong, Principle of Marketing Fourth edition, (Englewood Cliffs, New Jersey: Prentice Hall, 1989), p. 321-322.

The target market for kitchen and laundry appliances includes hospitals, restaurants, hotels, clubs, universities,... who are receptive to a new, convenient form of kitchen and laundry equipments. CBF's brand is positioned at the higher-price, higher-quality. To achieve this, product-quality will start high and be further improved overtime through technical research.

CBF's marketing mix may be grouped as the four P's. Product, Physical distribution, Price and promotion.

Product Strategy

The product is considered the critical element of the marketing decision process. At CBF, product mix planning or the set of all products carried is handled at the strategic level by the planning and marketing department. This department's task is to prepare a marketing plan for the specific product and decide on strategies to introduce it as well as action program: What will be done, by whom and how much it will cost. The procedure that is followed to grow, maintain, harvest or divest any product or

line. As stated before, CBF is in the marketing and distribution business of Food Service Equipment. since these equipments are demanded and purchased by every restaurant, hotel,... The appropriate strategy is to make the lines and its spare parts full and available, charge a small mark up and advertise heavily to induce trial and build preference. These are considered as industrial goods since they are purchased by organizations and individuals' use in conducting a business.

Moreover, CBF's is trying to expand abroad by invading some of the international markets, Qatar, Dubai and Kuwait. Thus in marketing these products CBF must emphasize the needs satisfied by every product and to sell "benefits" not "features" only; the sales force is instructed to stress quality, features, styling and brand name.

Physical Distribution

Physical distribution is an area of potentially high cost savings and improved customer satisfaction. It involves planning, implementing and controlling the physical flow of parts and

final goods from origin, CBF, Beirut, Verdun to points of use to meet customers needs at a profit; for example Deli shop, Summerland Hotel.

The concept of marketing channels is not limited to the distribution of physical goods. The company's channels of distribution are identified as the vertical marketing system categories; that is, they are designed specifically to capitalize on the interdependence of each of the channel members. The vertical marketing channels are namely contractual vertical marketing channels in which channel relationships are formalized by legally binding contracts. These contracts formalize the role that each channel participant plays in moving the products from the manufacturer to the ultimate consumer.

These channel members comprise a set of institutions in Italy integrated together to perform the utilized activities in moving products and its titles from production to consumption. These marketing channels are of three level when they involve three intermediaries :

Manufacturer ----->CBF -----> Retailer

FOSTER (UK)

for cold rooms

or

ABI RAMIA BROS.

for trade & industry

(Lebanon) for full auto

line arabic bread

"Maxifour"

Thus vertical marketing system helps to control channel behavior and manage channel conflict.

Pricing Strategy

According to CBF managers, the policy followed is a one-price policy. Under a one-price policy, the company charges the same price to all customers who purchase under essentially the same conditions. Discounts and allowances may be granted under the

policy if they are offered on equal terms to all comparable customers. A one-price policy builds customers' confidence in a seller of one single appliance to a full line of Food Service and Laundry equipments.

Promotion and Advertising Strategies

A new intensified advertising campaign will be developed to increase the perceived reliability of CBF's brands in the customer's mind. It will schedule a strong sales promotion program to attract increased consumer attention. The sales promotion consists of 5% of total promotional budget advertising, 5% sales promotion and 90% personal selling. CBF relies mainly on personal selling as effective promotional variable in selling Food Service Equipments.

Marketing Program

The marketing program refers to the purpose of the organization's existence, and to the value it is creating in the market through its mission strategies and tactics.

"Tactics are the specific activities undertaken to assure success of the strategies."¹²

In moving through these tactics that constitute the marketing mix, we need to recognize several of their characteristics. The marketing mix variables are placed on a sequence that begins with the "Product" as the least constrained component and ends with "Promotion" as the most constrained element.

The marketing mix consists of four equal elements: the product, the promotion, Physical distribution and Pricing. Clearly, these elements are partially substituable. If "CHAFIC BEKDACHE AND SONS" is seeking increased sales, it can achieve them through lower price and/or increasing the sales-force advertising budget or sales promotion budget. The challenge is to find the optimal mix.

12. Roy T. Shaw, Richard J. Semenik, Robert H. Williams, Marketing, and Integrated Analytical Approach, fourth edition, (Cincinnati, South Western Publishing Co., 1981), p. 20

Product

The product is the first and most important element of the marketing mix. By definition, a product is anything that can be offered to a market for attention, acquisition, use or consumption that might satisfy a want or a need.¹³

CBF's most recent product line and brands (1988- 1990) are:

- Icematic F 90 Compact Electronic (Iceflakers)
- Electrolux - wascalor. A new generation of washer of cost cutting washer Ehtractors.
- Lario - Small automatic platform scales.
- Cecil ware - electric Griddles
- The infra multi-Deck oven (Elektro Dahlen)
- Rotrary 2000 - Rotrary 4000 (Elektra Dahlem brand) this is a new product.

Rotrary 2000 is a single rack oven suitable for most tray sizes

13. Philip Kotler, Marketing Management Analysis, Planning and Control (London: Prentice Hall International 1984) p. 463

Rotrary 4000 has double capacity with its special rack holding twice the number of trays. this can be heated by electricity, oil or gaz.

- Automatic rack conveyor dishwasher, The S-line (Commenda Brand).
 - Gold medal electric popcorn machine (various models)
 - Alpeninox Modular self service counters.
 - Alpeninox Cooking equipment, tabels and sinks, Dishwashing equipment, Refrigeration equipments.
 - Foster Cold rooms
 - Porka Hospital Equipment, medecine Cupboards, Medical Refrigerators, Blood Bank and Laboratory Refrigerators.
 - Electrolux Wascator - industrial Laundry (High spin washer extractors, Normal spin wash extractors, Hydro-extractors - Tumbel - Dryers - Flat work Ironers.
-

CBF offers after-sale services and benefits, to maintain and reinforce consumer loyalty. Examples of these services are: credit facilities, delivery and installation, repair and manitenance,

customers information and technical advice. CBF's appliances include a twelve months warranty that comprises cost of spare parts and delivery to the customer's premises depending on the client's relationship with the company.

Being fully aware of the importance of after sale service as a key competitive tool in the "Food Service Market", CBF has established a strong customer service department and has built a country wide parts and service systems. It devotes a special interest in servicing its clients despite the political situation.

With regard to maintenance, customers can choose between two alternatives,

- A yearly repair and maintenance contract at 10% of the initial price of the equipment.
 - Clients are charged for repair labour and spareparts used.
-

Moreover, sometime CBF offers free training to a customer's personnel.

Physical Distribution

CBF emphasize in physical distribution as getting the right goods to the right place at the right time for the least cost. Unfortunately, no physical distribution system can both maximize customer service and minimize distribution costs. Also, physical distribution activities involve strong trade offs. So decisions must be made in a total system basis. These decisions on order processing, warehousing, inventory and transportation require much coordination. CBF have set up a committee made up of managers who meet to set policies for improving overall distribution efficiency.

Physical distribution begins with an order. The order department prepares invoices and sends them to the manufacturer (for example, Foster, Abi Ramia Bros for Trade & Industry). Then shipped items are accompanied by shipping and billing documents. (see Appendix). CBF receives these shipped items at Saida port. A storage function is needed because the production and consumption cycle rarely match. So it overcomes differences in needed quantities and timing. From Saida port, inventory

is carried to the warehouses located in Verdun and the Arab University region. The distribution center in Verdun is geared toward moving goods rather than storing them. Inventory levels also affect customer satisfaction and company's budgets. So inventory decisions involve knowing when to order and how much to order. In deciding when to order, CBF balances the risk of running out of stock against the cost of carrying too much stock and exposing it to a war country like Lebanon, to war damages or theft.

In shipping goods to warehouses, CBF has chosen water transportation which is a slow transportation mode and highly affected by weather. Shipments arrives to Saida port in containers. Then trucks and porters are needed to carry containers from port to warehouses. Therefore, all these functions of physical distribution are interrelated and form a system changing one component will affect others. For instance, reducing transportation cost to bare minimum by using slow means will cause inventory level and cost to escalate given that a certain level of customer service must be maintained, CBF tries to balance the components of the physical distribution

system by developing a certain configuration of percentages of total distribution cost as dedicated by Mr. T. Bekdache, responsible sales manager:

Order processing & Customer Service	11.5%
Warehousing (Verdun & Arab University region)	23.5%
Inventory carrying	30.0%
Transportation	27.0%
Others (involving payments to the illegal authorities)	8.0%

So the important thing is that the company coordinate its physical distribution and marketing activities in order to create high market satisfaction at a reasonable cost.

Price

According to CBF managers, they recommend "to price according to competition". This means that the marketing department must study competitors offer and price accordingly.

CBF mark up the selling of goods by a 25% of the cost of goods to cover their expenses incurred. With inflation running high, exchange rates plunging into unprecedented low level and the political dilemma, the customers reached a state of apathy and are helplessly watching the increased cost of living devouring their savings and their standard of living. The consequence is to lower prices and often to lower quality items; thus lose some market share. So, CBF started to cut their margin on some lines in order to win important new customers. Sometimes CBF asked suppliers for a special price break to turn it into an opportunity to increase the supplier's sales. Another tactic CBF used was to introduce customers to the concept of "Replenishment Cost" and Dollar invoicing.

Price adjustments have been used frequently. Nominal prices are virtually stable; however, product offers are subject to frequent manipulations, lowering the offer quantity as mentioned before so as to drive net prices up. Thus, the company has developed a technique for increasing the nominal price gradually up. They increase the nominal price and they offer quantity so as to maintain a stable net price.

The net price consists of:

2% Handling + packaging

10% freight + shipment

3% Accomodation + Airtickets + Hotel fees

5% Guarantee + warrants

25% Profit

Add : Cost of product FOB Italy

Equal: selling price.

The net profit equal 25%.

All prices are subject to a 4% cash discount if payment is made within 14 days of date of invoice.

The method of payment is the same for all clients.

30% down payment of Total value at signing the sales contract.

70% payable at delivery.

Promotion

The aim of any promotional activity is to increase sales either short term or long term. The promotion mix of CBF consists of: Personal selling, sales promotion, advertising and publicity.

a - Advertising

As far as advertising is concerned, the company inserts ads in magazines like An-Nahar (see Appendix). Also, ads are put on TV, Al Mashrak and LBC channels, showing their showroom and their old experience in the Food Service field costing \$ 900 per month for 1 minute. Nowadays CBF is distributing video tapes to customers in Lebanon and Arab countries and to customers that cannot reach Lebanon showing their equipments, brands and their showroom costing \$ 750 preparing the tape.

b - Personal Selling

On the other hand, personal selling is an effective promotional variable in selling Food Service equipment in CBF.

Personal selling is the most effective, sales tool in CBF's Company. The sales manager is the most important link between the company and target market. He builds up buyers' preference, conviction and action through his frequent visits and direct contacts with the clients.

CBF has set five essential objectives to its sales force:

1. To serve existing customers and seek out new ones. In general CBF salesmen spend 60% of their time with current customers and 40% prospecting for new ones.
 2. To communicate information about the company's products by sending out brochures to major customers. Usually CBF's salesmen spend 30% of their time on established products and 70% on new ones.
 3. To sell, install and upgrade customers' equipment.
 4. To service, consult, deliver and provide technical assistance.
 5. To gather data about the market which is an aid for designing the company's marketing plans.
-

c - Sales Promotion

The company's sales promotion tool is to create a stronger and quicker response. It is used to dramatize product offers. However, this tool had been used six years ago. They used to distribute

files, pens, ashtrays and keyholders as a promotional tool with their name on it. Moreover, four years ago they have distributed advertising leaflets in exhibition, especially "Avenir Exhibition" held in Summerland Hotel. These leaflets contain the appliances and brands offered in the company's showroom. (see Appendix)

d - Publicity

Because of this world wide success, CBF has experienced the fourth element of the promotional mix, which is publicity. The Local and International magazines have contributed to the introduction of publicity. Articles have been written in AN-NAHAR (locally) and in "HOTEL and RESTAURANTS INTERNATIONAL" Service World International (Internationally) about CBF's successful performance and achievements (See Appendix). This proves to be an image builder and heighten consumer awareness for the firm.

Chapter IV

Conclusion and Evaluation

"CHAFIC BEKDACHE AND SONS" S.A.L., a well established name in the local and international market has been quite a success in the field of "Food Service Equipment". It has reached a variety of markets in Europe and the Gulf. Sales volume has increased and its market share is rising gradually.

The far-sight of the company's management as to penetrate the foreign markets has been a wise decision. This was a rescue during the Lebanese dilemma and the adverse current situation of inflation and economic recession. In addition, the company has continued to adopt its policy of servicing its customer with the best quality at the appropriate time and with fairly adequate treatment. It insisted on offering its maintenance undertaking to satisfy its clients. Also the dynamism of its sales force is apparent and appealing as they are in continuous motion and quest for opportunities.

Nevertheless, one can view quite a gap in the company's new trend of stressing the foreign markets. No recent efforts are done to enrich the past established name in the local market. A market share will not remain the same as conditions of the environment are continuously changing competitors are

always there. Nowadays aggressive competitors like "Kitcherama" is trying to invade the market and constitute a threat for "CHAFIC BEKDACHE" in the local market and possibly in other markets in the future.

Hence "Kitcherama" spotted segments that CBF had neglected because of the bad situation and decided to develop these new markets.

At the present time, CBF has no choice except to follow a counter-attack strategy by trying to gain a foothold in those markets.

The following recommendations should be taken into consideration by the CBF management:

- 1 - CBF must expand domestically to cover the entire Lebanese market.
- 2 - CBF must concentrate on creating a highly differentiated marketing program and develop some marketing muscle.
- 3 - CBF has to differentiate its product mix from competing brands.

- 4- CBF must upgrade the after sales service department through a vigorous control of the quality of service, its rapidity and availability of spare parts.
- 5 - It must upgrade its sales-force through training and development programs.
- 6 - CBF must have a system of marketing control to monitor the implementation of the marketing plan.

APPENDIX

Avda. Perestroika s/n Tlfos: 793260 y 793963 Telex U1074 KNL-E
PLAYA DE LAS AMERICAS Arona TENERIFE Islas Canarias

Por la presente y a quien pueda interesar, certificamos que Don Talal Beckdach ha realizado el Proyecto de 516 habitaciones del Aparthotel Columbus, en Playa de las Américas, Arona, Tenerife, el cual se encuentra en servicio desde el verano de 1.987.

Y para que surga los efectos oportunos, expedimos la presente en Playa de las Américas (Arona), a diecinueve de Enero de mil novecientos noventa.

KAHALI S. A.

كيتش راماما kitchenarama

تجهيزات مطبخية وماكينات غسل صناعية

للطعام - للفنادق - للمطاعم - وللبنائين
مع تأمين الصيانة بواسطة فريق فني متخصص

مطابخ صناعية
والجسالات الصناعية

- استشارات الهندسة المعمارية
- استشارات الهندسة الكهربائية
- صيانة الإضاءة الجوفية والسطحية
- مصابيح إضاءة - لجان - منبهات
- مستلزمات إضاءة - أدوات - قطع

أبرز المشاريع المنفذة مؤخرًا

المركز الرئيسي - الروقة - كراهن - ضاية هاواي ناو -
الهاتف: (٠١) ٨١٤٨٢٧ - الفاكس: (٠١) ٨١٤٨٢٨ - KIRAMA 23128 LE - فاكس: (٠١) ٨١٤٨٢٩
فرع ثان: البنية - بنتر الأمين

kitcherama

كيتشيراما

أبرز المشاريع المنفذة مؤخرا

- مستشفى الشروق - القاهرة
- المستشفى العسكري - بيروت
- تبة الإمام الخميني - الروقة
- مطاعم مصر الجديدة - القاهرة

مجموعات مطبخية وكابيناك غسل صناعية
المطاعم - الفنادق - المستشفيات - والباقيسري
مع تأطير الصيانة بواسطة فريق فني متخصص
وكلمة خضرون
للمهندسين والمماركات العالمية

CARPIGANI

المركز الرئيسي: الروقة - كراكس - بناية هادوي تاور - هاتف (١) ٨٦٤٨٣٣ - (١) ٨٦٨٤٣٧
تلكس KIRAMA 23128 LE - فاكس: (١) ٨٦٤٢٠١ - فرع ثان: النبطية - منترا الأمين

نشاط لبناني في الخليج

بعد منافسة شديدة مع عدة شركات ايطالية وانكليزية ومحلية ولبنانية ، حصلت شركة لبنانية منذ اسبوع على عقد كامل مع الشيخ محمد بن ثاني آل ثاني لتجهيز وتركيب مجمع تجاري كبير في الدوحة . وقد زار السيد طلال بكداش معظم الشركات المنتجة حديثا لحسن وسرعة التنفيذ وستباشر شركة بكداش توريد المعدات ابتداء من هذا الشهر علما بان غالبية البضاعة موجودة فعلا لدى الشركة في صالات عرضها في بيروت وهي لتجهيز وصيانة :

- سيوبر ماركت مع ملحمة كاملة من شركة CADDIE و DETROIT
- تجهيز مصبغة ثياب كاملة على البخار سويدية ELECTROLUX
- محبر للخبز والحلويات الافرنجي سويدية ELECTRO DAHLEN
- عدة غرف تبريد مسبقة الصنع اسكندنافية PORKKA
- محبر اوتوماتيكي حديث للخبز اللبناني

وسحري التسليم والتركيب خلال شهرين فقط

د. جمال شركة شفيق بكداش واولاده ش.م.ل - بيروت شارع

جمع

- CHABEG LE ٢١٧٨٦

١٠٩٨١

شركة بكداش تفوز بعقد كبير

وصل هذا الاسبوع من قطر السيد طلال بكداش بعد ان وقع على عقد مع الشيخ محمد بن ثاني آل ثاني على تجهيز وتركيب مركز تجاري كبير في الدوحة - مفتاح في اليد - يشتمل على :

- سوبر ماركت حديث من شركة CADDIE و DETROIT .
- غرف تبريد سابقة الصنع من اسكندينايا PORKKA .
- فرن اوتوماتيكي حديث للخبز اللبناني .
- مخبز للخبز الاجنبي والحلويات سويدي

ELECTRODAHLEN

.. مصبغة لتنظيف الثياب على البخار سويدي ELECTROLUX

وقد فازت شركة شفيق بكداش واولاده ش . م . ل . بهذا العقد بعد منافسة شديدة من عدة شركات ايطالية ولبنانية وانكليزية ومحلية ...

لمزيد من المعلومات الاتصال بشركة شفيق بكداش واولاده ش . م . ل . ص . ب : ٥٦٧٢ - ١٣

بيروت تليفون : ٨٠٩٦٤٠ - ٨٠٩٨٤٠

تلکس 21786 LE

worldwide supply line

McKeever

strand, president of Hilton International, stresses that new products and new equipment all require co-relation. This is particularly true in developing countries, where a dishwashing machine is a store dish which are being used by hand. In Burma I saw potatoes being peeled by hand and then set on top of an automatic potato peeler.

Communication is the watchword in international markets and in foreign countries everything must be re-evaluated. What seemed impossible may be possible now, and what was easy before may have become impossible — due to changing habits, changing living habits, the necessity to cut costs. Need to offer complete information in the language of the country is stressed by Hilton. In their international operations they offer real help by being multilingual. They have literature in many working languages. The hard selling is back now. The industry at all levels, and all countries, must be prepared to relate to the changes in kitchen equipment, front desk procedures, reservations, etc., and to the new train. Those who can provide service now will be successful.

Beirut: Large hotel/catering equipment showroom in the Mid-East, Chafic Begdache & Sons s.a.l., is a very new structure with a total size of 1,500 sq. meters. Mr. Begdache travels worldwide in search of products for his dealership.

Cologne: At ANUGA Gottfried Friedrichs KG (GmbH & Co of Hamburg); distributors of smoked fish, including caviar and anchovies, had a huge and attractive exhibit.

Paris: To demonstrate the soft-serve machines, to train the users, and to introduce new ideas for desserts, fast food or fancy bar drinks, Taylor Freezer has a mobile unit that goes throughout Europe.

شقيق بكداش واولاده برادر

مناخنة قشدة و قشدة

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هيات - ٨٠٦٦٠ - شرقا - شاكداش
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Sectional built for easy erection.
Walk-In Freezer-Cooler
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Material

Exterior: 17 Ga. Stucco Aluminium Sheets
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foam K-0.012

Relation between thickness of layers with equal
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• جودته: انشعائك هذه الفكرة ذات قوة عازلة
• انشعائك هذه الفكرة ذات قوة عازلة

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وسائر المؤسسات الفندقية والمستشفيات
في سائر المدن العربية والعالمية لتجهيزات السناك بار والكافيتريا والهمبورغر
أشهر الماركات العالمية

شركة كداشن وأولاد
بيروت، شارع وهران - تلفون ٨٠٩٦٤٠ - ص ب ١٦٩ - ٢١٧٨٦-CHABEG

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ICE CUBER capacity 20, 30
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- 1 Final Proofer (700cm*105cm) 15 Layers MAXIFOUR Leb. Org.	24000-
- 1 Auto. Tunnel oven Diesel (465*170*175cm)	9000-
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SAY : One hundred thirty one thousand one Hundred US.D. Only.

- Space requested for installation: 17 Meters * 8 Meters.
- Production: 2000/2500 loaves - Hour Diam of loaf: Upto 38cm .
- Delivery for shipment: 2 Months
- Installation: By our technician without extra fees but you Should
provide for him a full board hotel stay
+ Entry visa + Travel Expenses + Tools....
- Payment: Irrevocable L/C Confirmed at sight in our favour.

ABI RAMIA BROS
FOR TRADE & INDUSTRY

FACSIMILE TRANSMISSION

FROM:

Foster Refrigerator (UK) Limited
Oldmedow Road, King's Lynn, Norfolk PE30 4JU, England
Telephone: UK (0553) 691122, Intl (44 553) 691122. Telex 817550
Facsimile Group 3 Auto: UK (0553) 691447, Intl (44 553) 691447

SENDER:

GRAHAM HEATH

TO:

TRANS GULF TRADING (COMPANY NAME)

FOR THE ATTENTION OF:

MR N EL IMAD

FACSIMILE NUMBER:

010 974 446002

DATE/TIME OF TRANSMISSION:

1/12/87

TOTAL NUMBER OF PAGES TRANSMITTED (INCLUDING THIS PAGE)

10

NB. IF TOTAL NUMBER OF PAGES NOT RECEIVED, PLEASE CONTACT SENDER.

Dear Sir,

REF: Freezer / Chill Coldrooms & Handling Area

WE TAKE PLEASURE IN SUBMITTING OUR PROPOSALS FOR THE SUPPLY ONLY OF INSULATED STRUCTURE C/W SHELVING.

WE HAVE IN THE INTERESTS OF COMPETITIVENESS AGREED WITH OUR REFRIGERATION PARTNERS; HTI CONTRACTING, FOR THEM TO QUOTE YOU DIRECT. THIS WILL BE FOLLOWING WITHIN THE NEXT DAY.

WE EXCLUDE ALL ITEMS IN PARAGRAPH K AND P, WE DO NOT ACCEPT PARAGRAPH L. WE EXCLUDE PARAGRAPH N.

RE PARAGRAPH O - AS INSTALLED DRAWINGS EXCLUDED. THREE COPIES OF LITERATURE INSTALLATION INSTRUCTIONS AND SPARES LISTS WILL BE PROVIDED.

SHOULD YOU HAVE ANY QUERY, PLEASE DO NOT HESITATE TO CONTACT US.

YOURS FAITHFULLY,

GRAHAM HEATH
1-12-1987

IMPORTANT NUMBER CHANGES
As From 29th June 1987
New Tel. No. (0553) 691122
New Fax No. (0553) 691447

Foster Refrigerator (U.K.) Limited

Oldmedow Road - King's Lynn - Norfolk PE30 4JU - England - Telephone: (0553) 761122
Telex 817550 - Fax: (0553) 766819 - Cables: Fostfridge King's Lynn

QUOTATION

Trans Gulf Trading Co.
P.O. Box 8666
Doha
State of Qatar

Attention: Mr Nabeel El Imad

Dated: 1ST DECEMBER 1987
Re: COLDROOM ENQUIRY
Our Ref: CDQ 3249 REVISION A

Dear Sir,

We thank you for your enquiry and are pleased to submit our quotation which you will find enclosed.

The quotation and specification are subject to our standard terms and conditions printed overleaf.

Our current completion time ex works is:
BETWEEN 8 TO 10 WEEKS.

Our quotation will remain valid for:
60 DAYS.

The terms of payment are:

**IRREVOCABLE LETTER OF CREDIT CONFIRMED BY LONDON BANK.
A FURTHER 4% DISCOUNT OFF OF QUOTED PRICES WILL BE ALLOWED.**

We trust you find our offer satisfactory and look forward to receiving your further instructions quoting the above reference.

Yours faithfully,
for FOSTER REFRIGERATOR (U.K.) LIMITED

P. STORTON
Contracts Estimator

Qty.	Description
	<p>FOSTER CONTRACTS STABLE-DOOR-THY MODULAR COLDSTORES</p> <p><u>SPECIFICATION:</u></p> <p><u>INSULATION</u> Each panel to be filled with rigid urethane foam using modern high pressure technology. This is to give a product of very low thermal conductivity (0.016 W/m°C: 'K' factor 0.13) with high mechanical strength at a low density. (38 kg per cu.m; 2.3 lb per cu.ft). The foam ingredients to be emulsified at 140 kg/cm² (2000psi) before injection to ensure even thermal efficiency throughout each panel. The foamed urethane insulation to be fire retardant and meet the requirements of British test method BS.4735 and American ASTM D1692. The panel itself to meet the further requirements of BS.476, part 7, class 2.</p> <p><u>CONSTRUCTION</u> The coldstore is constructed using the above specified modular panels with each panel being interlocked with its neighbour and drawn tight by the special Fosterlok. Two beads of mastic sealer are applied to the female recess of each panel before locking tight to the male profile on the next panel. A silicone sealer is applied between the returned metal edges of the panels inside the store to prevent any ingress of moisture. Corner and partition joints and ceiling to wall joints are fabricated on site to ensure exact dimensional requirements and are secured by sealed angle frames. Wall panels are fitted and sealed into 'U' channel which is screwed or pinned to the site floor. If an in-situ floor is to be laid, the internal base of the wall panels are etched by 12mm exposing the insulation to facilitate a positive thermal joint to the floor insulation.</p> <p><u>PRESSURE RELIEF VALVE:</u> To allow for pressure equalization in rooms below 0°C we will supply a pressure relief valve.</p> <p><u>FINISH:</u> White satin plastisol on hot dipped galvanised substrate to all internal and external walls and internal ceiling. Galvanised steel to external ceiling.</p> <p>Continued...</p>

Qty.	Description
	<p><u>FLOORS:</u> Handling area to be of floorless construction with wall panels fitted into 'U' channel fixings on floor provided by others.</p> <p>Coldroom 1 and Coldroom 2 to have in-situ floor. Low voltage electric heater mat using high grade stainless steel wires encased in tough PVC sheeting. The heating system to be controlled automatically by thermostats sensing underfloor temperature. Secondary monitoring is by means of a dial patterned thermometer reading the underfloor temperature. System complete with control panel including transformer, relay contactor, indicator lights, isolator switch and fuses. 150mm grade I.B. styrofoam to be laid (two-x 75mm in staggered formation). 1,000 gauge polythene vapour barrier.</p> <p>Floor topping and screeding to be provided by others.</p> <p><u>DOOR HEATERS:</u> Low temperature coldrooms to be fitted with surface mounted door frame heaters with stainless steel covers. Threshold heaters to be inserted under reinforced step.</p> <p><u>CEILING SUPPORTS:</u> Coldstore ceiling to be supported by means of lattice beams externally mounted on the coldstore roof. To be externally mounted.</p> <p><u>PALLET RACKING FOR COLDSTORE 1 AND COLDSTORE 2 :</u> To supply 87 bays of Dexion Speedlock pallet racking to a height of 3.657m and a width of 0.914m. Each bay having three beam levels with a usable space of 1.143m between beams and 1.219m on top beam, giving a clear headroom of 5m. Each bay would be 1.067m long using Speedlock safety beams of 1.067m x 0.05m open, each pair with a maximum loading capacity of 1,623 kg. The beams would be coloured alert orange and the uprights would be grey, 0.09m F.E. Bolts, 2 per frame have been included, as well as 0.152m row spacers between bays that are back to back. These are required to space racking evenly to allow pallet overhang space between bays, 3 per upright frame have been allowed.</p> <p>The racking that has been quoted for is only suitable to a temperature of -20oC.</p> <p>The racking would be provided in component form for ease of shipping. Full assembly instructions would be provided with goods if requested.</p> <p>Common walls have been used between rooms where applicable.</p> <p>Continued...</p>

Qty.	Description
	<p><u>SUPERVISOR RATE:</u> £200.00 per day per man excluding air fares, hotel accommodation, local travel, visa fees, meals and all other incidental expenses.</p> <p><u>ESTIMATED SHIPPING TRANSIT TIME:</u> Would be 26 days.</p> <p><u>ESTIMATED ERECTION TIME:</u> Would be 16 weeks.</p> <p>Provision has been made for sliding door spares and three spare wall panels and three spare ceiling panels.</p> <p>COLDROOM 1 ----- FREEZER COLDSTORE</p> <p><u>DIMENSIONS:</u></p> <p>EXTERNAL 15.076 x 8.076 x 5.0m high</p> <p>INTERNAL 14.771 x 7.771 x 4.848m high</p> <p><u>INSULATION:</u> Walls 150mm foam injected urethane. Ceiling 150mm foam injected urethane.</p> <p><u>DOORS:</u> We have included for one automatic sliding door having a clear opening of 2.5 x 2.0m wide. Fitted with Fermod electrically operated sliding gear activated by pull chains at the front and back of the door. Price excluded electrical wiring. Supplied with one clear PVC strip curtain to minimise air spillage.</p> <p>One audible visual alarm.</p> <p>Thorn lighting/6 off LVS 280 giving 150 Lux on floor level. (Twin 1.524 80 watt fittings - no wiring).</p>
1	<p>COLDROOM 2 ----- CHILL STORE</p> <p><u>DIMENSIONS:</u></p> <p>EXTERNAL 15.076 x 8.076 x 5.0m high</p> <p>INTERNAL 14.771 x 7.771 x 4.848m high</p> <p>Continued...</p>

Item	Qty.	Description
3	1	<p><u>INSULATION:</u> Walls 150mm foam injected urethane. Ceiling 150mm foam injected urethane.</p> <p><u>DOORS:</u> We have included for one automatic sliding door having a clear opening of 2.5 x 2.0m wide. Fitted with Fermod electrically operated sliding gear activated by pull chains at the front and back of the door. Price excluded electrical wiring. Supplied with one clear PVC strip curtain to minimise air spillage.</p> <p>One audible visual alarm.</p> <p>Thorn lighting/6 off LVS 280 giving 150 Lux on floor level. (Twin 1.524 80 watt fittings - no wiring).</p> <p><u>HANDLING AREA</u> -----</p> <p><u>DIMENSIONS:</u></p> <p>EXTERNAL 16.0 x 4.076 x 3.5m high INTERNAL 15.797 x 3.822 x 3.398m high</p> <p><u>INSULATION:</u> Three remaining walls 100mm foam injected urethane. Ceiling 100mm foam injected urethane.</p> <p>The supply of one triple glazed window and frame 2.0 x 1.0m high.</p> <p>Thorn lighting/6 off LUV 258 giving 300 Lux on floor level. (Twin 1.524 58 watt fittings - no wiring).</p> <p><u>PRICES:</u> Total nett CIF shipment from FOB UK port to Doha, Qatar would be ----- £88,035.00 (EIGHTY EIGHT THOUSAND AND THIRTY FIVE POUNDS).</p> <p><u>NOTES</u> ***** Although we have specified our standard finish on the above coldrooms, other finishes are available upon request.</p> <p>Warranty as covered by conditions on reverse side of Page 1 of this quotation.</p> <p>All electrical wiring and anti-condensation heaters in the doors and door frames for the above coldroom would be suitable to operate on an electrical supply of 220-240/1/50.</p>

m	Qty.	Description
		<p>The ceiling supports mentioned in this quotation are only suitable for supporting the coldroom ceiling panels. If coldstore roof is supported from building structure, maximum length of drop rod is one metre. For longer drops, consult Foster.</p> <p>If coldrooms are required on an extended delivery, then prices ruling at date of despatch will apply.</p> <p>Despatch period quotation is completion time ex-works from receipt of order, all information necessary to produce item(s) is given at time of ordering (i.e. finish, door, position, hinging etc.).</p> <p>We would bring to your attention that the above quotation does not include for the items detailed in Clause 3 of our standard Terms and Conditions of Sale. If you anticipate any such additional items will arise during the contract would you please let us know in advance.</p> <p>We would recommend that Coldroom 1 and Coldroom 2 be erected in the following way:-</p> <ol style="list-style-type: none"> 1. Heater mat to be laid and screeded over with a sand and cement screed (by others) and allowed to dry out. 2. The coldroom be erected on top of the heater mat and screed. 3. Floor insulation to be laid inside the coldroom and a grano topping (by others) to be trowelled smooth to the walls. <p>Our estimate is based on today's rates for all materials and labour and is subject to a fluctuation clause due to price increase on these items.</p> <p>When raising a Letter of Credit it is necessary that you add four weeks onto the delivery date to allow us ample time to arrange legislation of any documents before expiration of the Letter of Credit.</p> <p>For export consignments; dock and freight charges, documentation (including standard shipping notes, movement certificates and certificates of origin), customs declaration and insurance are customer's responsibility unless by prior arrangement at additional cost.</p> <p>Automatic sliding doors do not include for interconnecting electric wiring. Additional prices available on request.</p> <p>Continued...../</p>

Qty.	Description
	<p>All in-situ floors with grano/concrete finishes require curing time and graduated temperature reduction to prevent damage to floor finish. Further details contact Foster Refrigerator.</p> <p>Please note that only those items specified within this quotation have been included in the prices shown.</p> <p><u>PAYMENT BY DOCUMENTARY CREDIT</u> If payment is to be made by means of a Documentary Credit, please read this document carefully.</p> <p>The Documentary Credit should be in accordance with the following points, unless agreed otherwise:</p> <ol style="list-style-type: none"> 1) Irrevocable type. 2) Advised through a reputable Bank in the U.K. NB: If the Issuing Bank has no correspondent in the U.K., please advise through Barclays Bank PLC, P.O. Box 11, Crown House, Crown Street, Ipswich, Suffolk IP1 3JS, England. 3) Confirmed by the Advising Bank in the U.K. 4) Subject to the Uniform Customs and Practice for documentary credits, ICC Publication Number 400. 5) Favouring Foster Refrigerator (U.K.) Limited, Oldmedow Road, King's Lynn, Norfolk PE30 4JU, England. 6) Payment at Sight of one hundred per cent value of the Documentary Credit.
	<ol style="list-style-type: none"> 7) The Advising Bank should have authority to pay providing documents are in order. NB: Drafts should therefore be drawn on the Advising Bank in the U.K. 8) The description of goods should be coldrooms and spare parts. 9) VALUE £88,035.00 10) TERMS OF DELIVERY CIF Doha 11) LATEST SHIPMENT DATE 22nd April 1988 12) EXPIRY DATE IN U.K. 13th May 1988 13) PARTSHIPMENT Not Allowed 14) TRANSHIPMENT Not Allowed

m	Qty.	Description
		<p>15) SHIPMENT FROM U.K. TO Doha</p> <p>16) MODE OF TRANSPORT Sea</p> <p>It is hoped that these guidelines will assist in the establishment of a mutually acceptable Documentary Credit which will avoid the need for costly amendments and consequent delays.</p> <p>If you have any further questions, please contact the Shipping Department.</p> <p style="text-align: center;">* * * / * * * / * * *</p>

8m

8m

COLDROOM TWO

COLDROOM ONE

Sliding door

Sliding door

HANDLING AREA

Triple glaze
window

4m

10

EXISTING STL. COLUMN

OUTSIDE SHEET METAL WALL
OF THE EXISTING SHED

C IPRESSOR ROOM

PRE INSULATED PANEL

PRE INSULATED PANEL

COLD ROOM 2
5 M. HIGH

COLD ROOM 1
5 M. HIGH

15.00

DOOR 2 M x 2.5 M

DOOR 2 M x 2.5 M

PRE INSULATED PANEL

TRIPLE GLAZE
WINDOW 2 M x 1 M HT

HANDLING AREA
3.5 HIGH

ENTRY FOR FORK LIFT

0.07

DOCK LEVELER
WITH COVER

RAMP

TRUCK

TRUCK

AIR COOLED
CONDENSER ON
25M HIGH STRUCTURE
STAND

EXISTING SHED

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-Mr. TALAL BEKDACHE, Sales Manager & Public Relations of "CHAFIC BEKDACHE & SONS" S.A.L. Interview by author.

-Mr. Hassan Hamade, General Manager of "KITHERAMA", Interview by author, on November 2, 1990.