Columbus s.a.r.l. : Marketing Strategy Assessment

A Research Topic
Presented to Business School
Beirut University College

In Partial Fulfilment
of the Requirement for the Degree
Master of Science in Business Management

By
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March, 1994
This project is dedicated to my parents, especially that it comes at the end of my academic studies at Beirut University College, all of which were made possible by their love and support.
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Abstract

The research at hand describes and assesses the marketing topics and functions that concern the marketing performance of Columbus s.a.r.l., the exclusive agent of Johnson and Johnson, Gillette, Uniliver, and Bristol Myers Squibb products in Lebanon. Columbus along with twelve other decentralized companies form Fattal Holding s.a.l., which is specialized in the distribution and marketing of nationally and internationally branded products.

Columbus' marketing environment is shaped by many factors and actors. The demographic environment, for instance, has witnessed drastic changes such as the trend towards urbanization causing a reshuffling of the target market members. The economic environment has been affected by megatrends in the past decade (1984-1994) leading Columbus to adjust its pricing policies to the galloping inflation (1984-1992). Consequently, the dollarization policy for its products was introduced. This situation has also led to advantages such as the sharp decline in wage rates. With respect to the political situation, it has affected Columbus due to the military disorder and fragmentation of the national territories in the war era. Columbus took certain measures some of which are still applicable such as decentralization in distribution.

With respect to the controllable factors in Columbus' marketing environment, they mainly are the suppliers, marketing intermediaries, customers, and competitors. The suppliers are multinational firms who manufacture highly reputed products and are accredited for their global distribution and excessive worldwide promotions and advertisements. They provide Columbus with advertising and promotion budgets and suggested marketing plans for the individual products. With respect to the marketing intermediaries, they include five subagents which distribute Columbus' products in the different Lebanese regions (excluding East Beirut), retailers, four advertising agencies for Gillette, Bristol Myers Squibb, Uniliver, and Johnson and Johnson units, and insurance and financial services companies. In addition, Columbus customers include the consumer, institutional, and reseller markets each with distinctive characteristics. Finally, Columbus' competitors are several; some of its products have strong rival brands while others such as J&J baby care products have few ones.

However, the core marketing activities and functions are the ones which determine Columbus health situation. Columbus pursues four major objectives: increase profitability, keeping up the good reputation, creating innovation, and most important market share improvement. The marketing objectives stem from the latter
objective and primarily include increasing sales of existing lines, adding new products, and expanding the number of retail outlets.

The marketing strategies come in conformity with the stated objectives. Columbus possesses competitive differentiation for its marketing offers, its employed tools in this respect are product, image, and personnel differentiation. The marketing strategies focus on expanding Columbus' market share. With the major aid from its suppliers, Columbus is performing a satisfactory job in implementing and monitoring the annual marketing plans. The market share figures which are high for most of Columbus' products prove that.

The marketing mix elements are well managed and integrated with the suppliers' marketing goals. That is, the breadth, length, and depth of Columbus' product mix are well suited to both parties, Columbus and the supplying corporations. Regarding distribution, full market coverage is employed either by Columbus or its five subagents. With respect to pricing, it is not a matter always within Columbus' control. These is some kind of regional pricing exerted by the suppliers for the sake of preventing smuggling of goods from one regional country to another. Promotion, in the case of Columbus, is a field in which it has an advantage for several reasons among which are the professional promotion management of its suppliers and the huge budgets for the promotional activities which primarily come from the suppliers abroad.

In summary, Columbus fulfilled its objectives in 1993. Sales growth was achieved and profits were increased to the extent that it was number one in Fattal Holding s.a.l. in 1993 based on productivity, profitability, and return on investment. Return on investment (measured in terms of 1993 net profits as a percentage of Columbus' capital) increased through increasing sales and market shares and cutting back costs via centralizing the overhead expenses and reducing the variable costs.

In the end, it would hardly be appropriate to describe Columbus as an organization that has fully implemented the marketing concept. In the researcher's opinion, Columbus is thought to lie somewhere between the selling and the marketing concept. Reaching a status closer to the latter should be aspired for blunders like high profit margins and no-sales commission policy contribute to drawing it closer and closer to the selling concept rather than to the other, more developed one.
Chapter 1

Introduction

Marketing strategies are highly dependent on whether the company is a market leader, challenger, follower, or nichier. Much can be gained by classifying firms according to the role they play in the target market. In addition, a company should reformulate its marketing strategies depending on its products' and markets' life cycles.

In Lebanon, in the past few decades, a lot of changes have affected the macroenvironment, and of course, the firm-specific environments. Some of these changes have had and are still leading to advantages while others have caused disadvantages. In recent years, it has also witnessed a time of unprecedented change in marketing due to:

1) Economic pressures—mainly recession, inflation, and economic stagnation—which have led to budget cut-backs and a corresponding search for economic yet effective methods of communicating with customers.
2) The increasing importance of targeting the efforts to specific segments of consumers so as to avoid wasted expenditures and to maximize efficiency.
3) Competition, often from international products, which has intensified to the extent where only those companies that truly understand their customers and competitors can expect to make it in the twenty-first century.
4) The incredible developments in technology which have led to the introduction of new products and the improvement of existing ones; in addition, the computer has facilitated and improved the storage, retrieval, and analysis of information related to marketing management functions.

Many of these alterations were due to the sixteen-year war. An important question arises, "How well are the Lebanese consumer products' companies coping with these changes and to what extent are they succeeding?"
The purpose of this research project is to give the reader a thorough insight into the marketing environment, mission, strengths and weaknesses, opportunities and threats, current marketing strategy, objectives, and the tactical programs of Columbus s.a.r.l.; it, one of Fattal Holding s.a.l.'s thirteen constituent companies, is the exclusive agent of Johnson and Johnson, Gillette, Unilever, and Bristol Myers Squibb multinational corporations in The Lebanon.\footnote{Assessing the performance of the company under study will, it is hoped, provide the reader with a clear idea about its market positioning (i.e., where the company stands in relation to its competitors). By doing so, the researcher can exactly decide whether Columbus is a market leader, challenger, follower, or nicher and the underlying reasons for its current performance in the Lebanese market. The criterion for deciding on Columbus' competitive position is to assess the role it plays in the target market. Quantitatively, this is measured through finding the company's overall market share (i.e., its sales expressed as a percentage of total industries' sales) and the relative market shares of individual products or product lines to those of the competitors.}

As a result of the interaction of these factors, marketing management has evolved throughout the past several decades from merely a company-oriented concept to a public-oriented concept. This study will also be the basis for deciding whether Columbus s.a.r.l. fits into the product, selling, marketing, or social marketing concept depending on its performance.

**Prior Research**

It is unfortunate that, at the graduate level, few research studies have been carried out regarding the marketing performance and management of consumer and household products' firms. Among the few research studies in this field, a research was conducted in 1991 concerning the marketing performance of Geadah Bros Company which is the agent of some well-reputed international brands such as Plumrose and Stimorol. The results emphasized on the marketing mix tactics and strengths/weaknesses and opportunities/threats analysis. Yet other important marketing topics such as competition and the marketing channels were not addressed. The underlying reasons for this gap is that
there is no emphasis on marketing in the graduate program of Business Management at the universities in Lebanon.

On the other hand, reputable consumer products' firms prepare annual marketing plans for individual products that include such information:

a) The political environment  
b) The economic situation  
c) The marketplace  
d) The trade (competition)  
e) Actual and forecasted sales volume  
f) Actual and projected market share figures  
g) Strengths / weaknesses and opportunities / threats analysis

Furthermore, companies like Stat and Mass, which are specialized in marketing studies and statistics reports, usually provide consumer and household goods firms with marketing studies and reports upon request. Advertising agencies, in some cases, conduct marketing studies for their clients about the marketplace and advertising and promotion programs, depending on the agreement between the consumer product's company and the advertising agency.

Looking at some studies and reports from these sources, the researcher found in them valuable information. However, the problem is that very little comprehensive work has been done concerning the marketing management in terms of analysis, planning, implementation, and control of consumer goods' companies. Generally speaking, the work available is in the form of excerpts about specific marketing subjects.

In conclusion, the researcher who is interested in marketing for consumer products firms and who attempts to work in this field saw in this gap an opportunity to conduct a comprehensive study about the marketing performance of Columbus s.a.r.l. based on its objectives and marketing strategies.
Research Objectives

This research is designed to understand and evaluate the performance of one of the strategic business units of Fattal Holding s.a.l. which is an active competitive player in the household and consumer products' sector, namely, Columbus s.a.r.l.

The main objective of this study is to describe and assess the marketing strategies and tactics adopted by Columbus s.a.r.l. Therefore, there is a need to:

1. Explain how Columbus assesses and reacts to the changes taking place in its macroenvironment and microenvironment.
2. Discern the role of Columbus' suppliers who are global leaders in consumer products markets in helping Columbus reach its market position.

Need for the study

The need for the study stems from the lack of recent comprehensive marketing studies concerning the marketing performance of consumer goods' firms. Furthermore, the market for consumer products in Lebanon today is highly competitive and attractive, as can be witnessed from the national retail sales volume. For example, the approximate total sales volume for class A retailers for Greater Beirut was $49.5 millions in September 1993.

From this perspective arises the need to analyze the strategic marketing programs implemented by Columbus, to provide some insight into its internal organization, its competitive environment, and the different kinds of marketing intermediaries with whom it is cooperating in order to determine to what extent such factors enhance its competitive position.

Methodology of the study

The major investigation of this research has been directed at uncovering and analyzing the marketing strategy and action programs of
Columbus s.a.r.l. along with other marketing activities that complement this purpose. This study is a descriptive one based on presenting information from several sources (primary and secondary) in addition to field observation. The data for this study has been collected and acquired from three sources: primary sources, field observation, and secondary sources. The collected information is evaluated based on two criteria:

1. Comparison between what is stated (whether written or spoken) and what is fulfilled.
2. Judgment based on what is stated in the relevant academic books and opinions from knowledgeable business executives.

Secondary Data

In addition to the data gathered from the interviews and field observation, some academic books, magazines, periodicals, and reports were used to accomplish this research project for two main reasons:

1. To provide the researcher with guidelines for conducting this research.
2. To collect relevant information for this research study.

The secondary data incorporate published materials from various sources.

Primary Data

The main sources of information for this research were the interviews with business executives at Columbus s.a.r.l. Questions were directed to the managing director, unit managers, supervisors, sales and promotion employees. Moreover, questions were posed to knowledgeable people in the trade (marketplace). In addition, interviews were conducted with business executives working at some of the mother companies whose exclusive agent in Lebanon is Columbus.
Field observation

This consists of spending some time at the offices of Columbus s.a.r.l. and on-the-field observation, mainly in the retail outlets and with the company's sales personnel and promotion employees.

Limitations of the Study

Throughout the study, a great effort was made to render the results reliable and unbiased. Despite these efforts, the study has some limitations which are due to the following reasons:

1. Some interviewees were reluctant to provide the researcher with necessary information, especially when it came to numerical figures. For example, employees at Columbus s.a.r.l. were reluctant to provide the researcher with sales figures and some basic financial information for several reasons:

   a) They consider the information confidential.
   b) They are afraid that the critical information will reach the competitors.
   c) They think that some information— for instance, the studies concerning the consumer buying behaviors and patterns— gives Columbus a distinctive edge over its rivals, and for that reason, the company prohibits revealing it.

2. Some of the information provided by some interviewees concerning certain topics was optimistic. However, some detections were necessary to uncover the truth. This was done through comparing the answers of different employees working at the company regarding certain types of information.

3. The employees at Columbus s.a.r.l. as well as those working in other companies for Fattal Holding s.a.l. are so congested with work and pressed with time. This situation has led the researcher to conduct only one interview with some employees.
4. Finally, there is the time limitation. The analysis of the marketing strategies' implementation along with other marketing activities for the company under discussion require a larger time span. To offset this limitation, the researcher has widened the sources of data to a considerable extent.

**Construction of the Study**

This research is constructed in a way that will lead the leader to understand how Columbus reacts and interacts with its macro and microenvironments respectively and how it carries out its marketing activities. The next chapter provides the reader with a solid theoretical review about marketing management functions. The third chapter thoroughly describes the external environment (i.e., the demographic, economic, political, socioeconomic, technological, and physical environments) and its internal environment (i.e., the organization of Columbus, and its suppliers, marketing intermediaries, customers, and competitors). The fourth chapter addresses and analyzes the core activities affecting its marketing performance, namely, Columbus' mission, strengths/weaknesses and opportunities/threats analysis, current marketing situation, company's objectives, marketing strategies, and the business development programs. Chapter five, "Conclusion and Recommendations" concludes this case study by stating where does Columbus stand in the Lebanese market. In fact, a big portion of its products had high market shares for 1992 and 1993; in addition, the physical distribution was very effective. Furthermore, it was found out that its multinational suppliers gave Columbus a further competitive edge. Last but not least, this project is terminated by providing viable recommendations according to the researcher's evaluation of the company's marketing performance. As an example, Columbus should work out with its suppliers on segmenting the Lebanese market from the wider frame known as the Middle East or "Arabia" because it possesses distinct, yet important, characteristics.
Endnotes

1. Mr. Yenni Athabnasio, managing director at Columbus s.a.r.l., interviewed by author, 3 November 1993, Beirut.


3. The secondary data include the following:
   a) Fattal Holding s.a.l.
   b) Columbus s.a.r.l.
   c) Publications by some mother companies, mainly Gillette, Johnson and Johnson, and Uniliver, whose agent in Lebanon is Columbus s.a.r.l.
   d) Articles from business magazines
   e) Reports from statistics organizations
   f) Periodicals related to economic, political, demographic, and socio-cultural factors
   g) Academic books related to marketing subjects
Chapter 2

Literature Review

What Is Marketing About?

Marketing has been defined in several ways by different writers and business executives. It is "a social and managerial process in which individuals and groups obtain what they need and want through creating, offering, and exchanging products of value with others." 1

Marketing, in its simplest context, encompasses a set of core ingredients. Consumer needs are the essence of the marketing concept, they are the key to a company's survival, profitability, and growth in a highly competitive market environment. Secondary needs or motives result from the individual's subjective psychological state and from relationships with others. Consumer wants are numerous as compared with the needs and are shaped and reshaped by one's exposure to the different social and economic forces in his/her environment. Demands are the translation of wants into specific products that take into consideration the ability and willingness to buy them.

Any company meets its basic responsibility towards its society and itself through its products which take different forms. Some manufacturers and their agents stick to their existing products, forgetting that the target market purchases them because they satisfy a want. As such, new products are essential for sustaining a company's rate of return. The introduction of a new product at the right time after extensive research will help to maintain the company's desired level of profits. Product planning is important because:

(1) consumers are becoming more selective and sophisticated in their choice of products.

(2) Financial and physical resources are relatively scarce.

The satisfaction that the consumer feels from buying and using the product depends on how close it came to the ideal product. Utility attempts to explain how rational consumers divide their limited income among goods that give them the most satisfaction.
After conceptualizing what marketing is, it is clear that marketing begins before the product is developed—marketing starts when a consumer need is identified and a decision is taken to fulfill it. This process continues until consumer satisfaction is assured. Therefore, marketing management includes all the activities of planning, executing, and controlling that start by identifying the consumer needs and end by monitoring his/her behavior after the purchase.

The Importance of Marketing

Marketing-oriented thinking is a necessity in today's dynamic and competitive world. In most places, there are too many commodities chasing limited numbers of customers. Some firms are trying to expand the size of the market through influencing the level, timing, and composition of demand, but most are competing to enlarge their share of the existing market.

The macroenvironment is becoming tougher which pushes companies to 'professionalize' in the field of marketing. Although the macroenvironmental forces create opportunities for commercial enterprises, they also pose serious threats. The winners are those who carefully analyze needs, identify opportunities and threats, and create value-laden offers for target customer groups that competitors cannot match.

On the other hand, the establishment of an organization's mission is critical; without a concrete statement of mission it is virtually impossible to develop clear objectives, strategies, and tactical programs. It also provides a unifying force, a sense of direction, and a guide to decision-making at all levels of management. Since a mission statement is also concerned with an organization's future business activities, its potential customers must also be identified.

Furthermore, consumer behavior is an integral part in the flow of all business activities in a consumer-oriented society. Consumer behavior is crucial because it is "the behavior that consumers display in searching for,
purchasing, using, evaluating, and disposing of products, services and ideas which they expect will satisfy their needs." So, understanding and visualizing this kind of behavior is inevitable in this age of consumer sovereignty.

Before the widespread adoption of the marketing concept and market segmentation, the common way of doing business with consumers was mass marketing—i.e., offering the identical product to all consumers. Segmentation developed as an answer to the problems of both consumers and marketers. Understanding and capturing consumers is done better through market segmentation because the marketer can better define his target group of customers. Market segmentation is formally "the process of dividing a potential market into distinct subsets of consumers and selecting one or more segments as a target to be reached with a distinct marketing mix." The market segmentation could be based on geographic characteristics, demographic factors, psychological characteristics, socio-cultural variables, user behavior characteristics, and usage situation factors surrounding the purchase decision.

The marketer needs to understand and weigh the importance of the major factors influencing consumer behavior and how consumers actually make their buying decisions. The following figure, taken from one of Philip Kotler's books, depicts a detailed model of factors influencing consumer behavior:
Figure 2-1
Detailed Model of Factors Influencing Consumer Behavior

<table>
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<th>Social</th>
<th>Personal</th>
<th>Psychological</th>
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<td>Reference groups</td>
<td>Age and life cycle stage</td>
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<td>Life style</td>
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<td>Personality and Self-concept</td>
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The Current Marketing Situation

This section shows relevant theoretical background data on the market, product, competition, distribution, promotion, and macroenvironment.

1. Market situation. Here information is presented on the target group of consumers. It shows the market growth rate in which the business operates, the size of the market, the geographical area, and the concentration of the target market.

2. Product situation. It shows the competitive products in terms of design, quality, sales, prices, and profit levels (if possible).
3. Competitive situation. It involves identifying the rivals and their strategies in terms of:

a) Number of sellers and degree of differentiation. The starting point is to specify the number of rivals and whether the products are homogenous or differentiated.

b) Entry and mobility barriers. This means the ease with which firms can enter an industry. The barriers to entry include economies of scale, product differentiation, capital requirements, access to distribution channels, and government policy.

c) Exit and shrinkage barriers. Among them are legal or moral obligations to customers, creditors, and employees, government restrictions, low-asset salvage value due to over-specialization or obsolescence, emotional reasons...etc.

d) Bargaining power of customers. A customer group is powerful if it is concentrated in one region and buys in large volume, the products are standard, the products are important to the quality of the customer's product or service,...etc.

e) Threat of substitute products or services. The substitute products that deserve the most attention from a company are those that have trends improving their price performance trade-off with the industry's products and are produced by industries earning high profits.

4. Distribution situation. This part shows the number of rival products sold at each retail outlet and examines the changing importance of each channel (wholesale and retail). Distribution effectiveness is measured through place and time utility at the different sets of retail outlets.

5. Promotion situation. This section attempts to analyze all the kinds of promotion, i.e., advertising, publicity, sales promotion, point-of-purchase communications, event marketing, personal selling and public relations carried out by the competitive companies. It also tries to answer such questions about its rivals:

a) How effectively are the promotional tools in trying to inform prospective customers about their products, services, and terms of sale?

b) To which degree are they able to persuade people to prefer particular products and brands?
c) Are they able to induce action from customers such that buying behavior is directed towards the firm's offerings and is undertaken immediately rather than delayed?

6. **Macroenvironment situation.** Regardless of the strong possibility of error, organizations must forecast their present as well as their future environment. This section describes the major macroenvironmental trends and projections, namely, demographic, economic, political, sociocultural, technological, and physical

**Internal and External Environmental Analysis**

Based on the information describing the different aspects of the current marketing situation, the business executives need to identify and analyze:

1. **The Internal Environment.** That is, each business needs to analyze the relevant and major factors and activities that are the result of its performance and exposure to the outside environment which produce strengths and weaknesses. It is also necessary to rate the importance of each factor.

2. **The External Environment.** "The company has to monitor key macroenvironment forces (demographic/economic, technological, political/legal, and social/cultural) that affect its business and it must monitor significant microenvironment factors (customers, competitors, distribution channels, suppliers) that affect its ability to reach profits in the marketplace." The company needs to categorize these environmental factors and insert a marketing intelligence system; this system could range from employing few in-house experts to establishing a unit depending on the firm's financial ability. Then for each trend or factor, the marketer should identify and evaluate, according to the attractiveness and success probability, the resulting opportunities and threats.
The Marketing Objectives

Setting the marketing objectives before identifying the company objectives is an act of apathy.
The company objectives are two kinds, namely long-term and short-term.

Long-range objectives specify the results that are desired in pursuing the organization's mission and normally extend beyond the current fiscal year of the organization.

Short-range objectives are performance targets, normally of less than one year's duration, that are used by management to achieve the organization's long-range objectives.

Down the scale, from corporate objectives, the marketer defines the marketing objectives which complement the company's objectives and aims. The major objective of all profit-making companies is either to sustain or expand their market share.

The company's profitability usually rises with the relative market share of its served market(s). This inevitability has led many firms to adopt market-share expansion as their objective, since that would produce not only more profit dollars but also more profitability (return on investment). Thus, profitability increases as a business gains shares relative to its competitors in its served market or through creating a market of its own.

Companies must not think that gaining increased market share will automatically improve their profitability. Much depends on their strategy for gaining increased market share. The cost of buying higher market share may far exceed its revenue value. The company should consider a couple of factors before blindly pursuing increased market share; these factors include the possibility of provoking antitrust action, the economic cost, the barriers of market exit, and choosing the appropriate marketing-mix strategy (which will be defined and explained in a later section in this chapter).
The strategic objective of most market challengers is to increase their market shares, thinking that this will lead to greater profitability. Deciding on the objective, whether it is to crush the competitor or reduce its share, depends on the question of who the competitor is and what its distinctive strengths and market share are.

**The Marketing Strategy**

In developing a marketing plan or strategy, the managers face a set of possible choices depending on how buyers define value (i.e. the difference between total customer value and total customer price), the products' life cycle, and the company's market positioning (i.e. market leaders, challengers, followers, or nichers).

To start with, any consumer goods company should build its strategy on the products' life cycle, i.e., introduction, growth, maturity, or decline. Most of the consumer commodities are in the maturity stage of the life cycle, and consequently most of the marketing management efforts are devoted to the mature product. The marketing strategy for the mature product is either market modification, product modification, or non-product marketing-mix modification.

Second, the marketing strategy should depend on the ways the company differentiates its offer from that of the competitors. The company can employ the following competitive tools for differentiating its marketing offer: product lines, services, personnel, or image. When a physical product differentiation is used, features, design, performance, durability, reliability, and conformance are taken into consideration. When services differentiation is utilized, variables such as delivery and warranties are exploited. Personnel differentiation flaunts six traits: competence, courtesy, credibility, reliability, responsiveness, and communication with the customers.

Third, the market positioning plays an extremely significant role in designing the marketing strategy for the firm. What concerns the researcher is the marketing strategy for market leaders since the company under study falls under this category due to reasons that will be explained
in the following chapters. Dominant firms want to remain number one and this is usually accomplished on three fronts: expanding the total market, defending the market share, and/or improving the market share. For each front, different tactics could be reserved.

Furthermore, each strategy could be achieved in several ways. For instance, the strategy to increase the market share and revenues by a given percentage can be achieved in a number of ways, depending on several factors which directly relate to consumer behavior, financial resources, and macroenvironmental issues. A company can increase its revenues through offering products with higher prices and quality, expanding the market segment, lowering expenditures on sales force and fixed costs, more advertising and promotions, and selling more of the higher-profit items.

The need for correct pricing decisions has become even more important as competition became more intense. Due to the increasing rate of technological progress, government intervention, and the time lag between invention and commercial innovation, the average life of new products has shortened and has encouraged quicker competitive imitative responses. "A major impact of these environmental pressures has been to make product and service pricing more delicate, more complex, more important." 6

Equally important, the enterprise should assess the effectiveness and importance of the distribution outlets in which its products are offered for sale. For consumer product's companies, the retail outlets are its major distribution outlet. The importance of retailers is that they "serve as the buying agents for their customers. In this role, retailers attempt to understand the needs of their customers and then seek out and buy only from those suppliers who have the types of merchandise that will best satisfy their customers' needs." 7

What also concerns the marketing department or sales unit is whether the sales force should be increased and whether additional training programs should be inserted for the sales force. Furthermore, the decisions on sustaining or increasing the number of the sales team should be based on the sufficiency and performance of the sales team in the different geographical regions or areas.
With respect to advertising, sales promotion, publicity, public relations, sponsorship marketing, direct marketing, and point of purchase communication strategies for all of these promotional tools with respect to their nature and benefits will be discussed later in this chapter under a special section which encompasses the different promotion mix elements.

Last but not least, any consumer-oriented firm should not forgo marketing research. Such a firm should budget a sum of money which entitles it to improve knowledge of consumer buying behavior and to monitor the competitive moves. Marketing research, which involves collecting information that is relevant to specific marketing problems or issues facing the company, makes the company more conscious about the marketing environment.

**The Action (or Tactical) Programs**

In conjunction with the marketing strategy, the tactical programs which incorporate the marketing mix elements' strategies act as the functional means to employ the marketing strategy. The marketing mix ingredients are the major cogs in the marketing system. Unlike the environmental factors beyond the marketing manager's control, the elements of the marketing mix are the tools of marketing. It is through their manipulation that the system is kept on track. The task of marketing management is to maintain these elements in the proportion necessary for maximum effectiveness of the system.

The marketing mix consists of four sets of decision spheres: product, pricing, distribution, and promotion decisions.

**Product**

The product is the marketer's response to an unfulfilled or an inadequately fulfilled need. The marketer periodically needs to revise the product's features, quality, design, and packaging because consumer preferences and tastes change and competitors enter the market with a product (or products) perceived as better than the one being offered.
Some change may have to be made in the product, package, features, or size to receive its acceptance in the market.

Three product strategies are available for an international company that markets its products in host countries:

1) **Straight extension**: i.e. introducing the product in the foreign market without adopting any change.
2) **Product adaptation**: i.e. adapting the product to meet local conditions and preferences. A company can introduce the product for a regional area that includes countries of similar tastes and conditions, or the company may produce a country version which meets the requirements of individual countries.
3) **Product invention**: i.e. creating a new product. This can be done through backward invention or reintroducing an earlier product that is well-adapted to the host country's needs. Forward invention is creating a totally new product that meets the needs of a foreign country.

What makes a product distinctive is its package, design, label, quality, features and color. For instance, packaging embodies all the activities of designing and producing the shape of a product. Usually, some feature of the package is for sales' appeal, and as such, it is a way to enhance profit possibilities. In its simplest context, packaging serves preservation and utilitarian purposes. Other factors, such as design, label, and color, if integrated together, build an image of the product and make it appear distinctive.

**Price**

The company must decide where to position its product as far as quality and price are concerned. The agents of internationally branded products have nothing to do with setting the quality standards but should price their products in compatibility with their products' quality.
The firm must take into account many factors in setting the pricing policy. The following procedure for price setting is beneficial for effective pricing. 9

(1) **Selecting the Pricing Objective.** The firm must first decide what it wants to fulfill with the individual commodity. The more vivid the firm's objectives, the easier it is to set the price.

The company has six major objectives available through its pricing policy.

a) **Survival.** Companies pursue this objective when they witness overcapacity, harsh competition, or changing consumer wants.

b) **Maximizing current profits.** In this case, companies set prices that produce maximum current profits, cash flow, or rate of return on investment.

c) **Maximizing current revenues.** Companies pursuing this policy set prices to maximize sales revenues.

d) **Maximizing sales growth.** In this pricing strategy, firms set the lowest price for the product since they think the market is price sensitive. Their aim is to maximize unit sales because they believe that higher sales volume will produce higher long-run profits and will reduce the unit costs.

e) **Maximizing market skimming.** Many firms set high prices to achieve high profit returns and achieve a niche in the market. This works out when:
   (i) An adequate number of consumers have a high current demand.
   (ii) The higher price does not attract additional rivals.
   (iii) The high price gives the impression of a superior product.

f) **Product-quality leadership.** Some companies aim to be the product-quality leaders in the market and accordingly set higher prices than competitive products.

(2) **Determining Demand.** The quality demanded per specific period of time is primarily dependent on the elasticity of demand. For instance, FMCG (Fast Moving Consumer Goods) have elastic demand.
Demand is less elastic when:

a) Few or no substitute products exist.
b) Buyers do not emphasize changing prices.
c) Buyers justify the increase in prices by assuming it is in correlation with quality improvements and changing economic conditions.

(3) **Estimating Costs.** The company wants to set a price that covers all the sets of costs. These are:

a) Fixed (overhead) costs. They are the costs that are independent of production and sales. These include rent, salaries, insurance, stationary, interest, telephone and electricity bills.
b) Variable costs. They vary directly with production and sales. These include tariff duties, taxes and other costs, such as packaging and raw materials, which do not concern the agents and distributors.

(4) **Assessing Competitors' prices and price offers.** Every firm should know the quality and prices of the competing products. This will help the firm to know where its products stand in terms of quality and reputation and will price them accordingly. From analyzing the competitors' prices and price offers, the firm can compare its offer to that of the competitors. If the offer is superior, then the firm should set a higher price. If inferior, the price set should be lower.

(5) **Selecting a Pricing Method.** Given the three Cs—the customers' demand schedule, the cost function, and the competitive prices—the company can now select a price. The competitors' prices and the price of substitute products provide insights for the company to set its price. Furthermore, the consumers' evaluation of the distinctive product features helps the company to set its price.

(6) **Selecting the Final Price.** In addition to the factors discussed concerning pricing, some additional factors should be considered. These are the psychological pricing which highlights the relationship between price and quality perceptions of products and the influence of other marketing mix elements on price, such as prevailing pricing policies and the impact of price on other parties (i.e. suppliers, wholesalers, government agencies and competitors).
Promotion

Knowledge about products, services, and ideas does not immediately reach those for whom it is intended. In its broadest sense, "promotion is the deliberate attempt on the part of an individual, business, or other institution to communicate appropriate information in a manner persuasive enough to induce the kind of acceptance, reaction, or response desired. Thus promotion is communication-persuasive communication—and its effectiveness depends upon the talent and skill of those who design it." 10

Promotion is a system composed of advertising, publicity, sales promotion, point-of-purchase communications, personal selling, and event marketing. The bundle of these promotional tools is called promotion mix. "Promotion management is, then, the practice of coordinating the various promotional mix elements, setting objectives for what elements are intended to accomplish, establishing budgets that are sufficient to support the objectives, designing specific programs (e.g., advertising campaigns) to accomplish objectives, evaluating performance, and taking corrective action when results are not in accordance with objectives." 11

When the marketing concept is activated, the promotion concept (i.e., to adapt the customer to the marketer's needs and wants) should be followed. The means to do so is through persuasive communications which refers to impersonal verbal messages (advertising and publicity), personal verbal messages (personal selling and word-of-mouth), and non-verbal messages (branding and packaging cues). Promotion inducements refers to sales promotion and comprises three forms. The first one represents the character of the basic offer (i.e. the product itself) such as free samples, trial usages, and extra quantities of the product at the same price. The second form is price-related inducements, such as discounts, money-off coupons, and trade allowances for dealers. The third one is the inducements external to the basic offer, like premiums and contests.
The following section briefly explains the different kinds of promotional tools which make up the promotion mix.

**Publicity.** It is non personal communication to a mass audience but is not paid for by the company. Comments in newspapers and public speeches are examples of this type.

**Public Relations.** It is uniquely targeted to fostering goodwill between a company and its various publics, primarily the consumers, suppliers, wholesalers, government agencies, and the general public. Public relations is of two kinds. The first one is proactive marketing public relations which is dictated by a company's marketing department or employees. The second is a reactive public relations which is carried out in response to outside influences, such as commercial or contamination rumors.

**Event and Sponsorship Marketing.** It is the practice of corporate or brand promotion that ties the company or the brand to a meaningful cultural, social, athletic, or other type of high interest public activity.

**Sales Promotion.** Sales promotion is the most widely used tool and is allocated the majority of the promotional budget for most of the commercial firms, especially the multinational ones. It refers to any incentive used by a company to induce the trade (wholesalers and retailers) and/or consumers to purchase a brand and to motivate the sales people to aggressively sell it.

There are two main kinds of sales promotion, namely, trade-oriented and consumer-oriented.

**Trade-Oriented Sales Promotion.**

This refers to the promotional incentives to motivate the trade members (wholesalers and retailers) to carry the firms' products in order to increase products turnover, to increase the company's share of shelf space, to increase distribution of new packages and sizes, and to counter competitors' promotions.
The types of trade-oriented sales promotions are:

1) Trade Allowances. They come in different forms:

   a. Buying allowances: They provide the trade with free goods or price reductions in return for the purchase of specific quantities of goods.

   b. Slotting allowances: It is the fee the company pays a retail outlet to carry out a new product and to reserve more shelf space for the company products. This is indeed a kind of bribery.

   c. Exit Fees: They are paid to wholesalers or retailers in return for the cost of the products they are carrying. This occurs for slow selling goods or malmanufactured products.

2) Cooperative Advertising And Vendor Support Programs

   a) Cooperative advertising. It is an arrangement between the company and the retailer. This calls for promoting the firm's products and making them available at the retailer's location.

   b) Vendor support programs. Here the retailer develops an advertising program and then requests the suppliers to pay a specific percentage of the media cost for the proposed campaign.

3) Trade Contests. These are directed at store-level or department executives, who should ideally meet a sales target set by the company.

4) Point-Of-Purchase Materials. These include shelf talkers, motion pieces, end-of-counter displays, posters, and other materials.

5) Training Programs. For certain kinds of products, such as cosmetics and personal care, it is preferable that knowledgeable promotion staff present consumers with relevant information about a product's performance and its relative advantages compared with competitive offerings.
6) **Trade Shows.** They are shows where sellers exhibit and demonstrate their product lines to trade members.

**Consumer-Oriented Sales Promotion.**

This section addresses the sales promotion tools directed towards the final consumers.

1) **Sampling.** It consists of delivering an actual or trial-size product to consumers. It is delivered by direct mail, flat samples included in print media, door to door by special distribution network, in or on the package of another product, at high-traffic locations such as shopping centers, movie theaters, airports, or special events, and in stores. 12

2) **Couponing.** It is a promotional tool that provides monetary savings to consumers upon showing the coupon. They are offered through newspapers, magazines, direct mail, in or on packages, and point-of-purchase materials.

3) **Premiums.** They are a promotion in which buyers receive a premium item from the sponsoring company in return for submitting a required number of proofs of purchase. This is done either via the mail or the premium items are inside the package, attached to the package, the package itself is reusable, or the company provides the trade with specially displayed premium pieces that retailers then give to consumers who purchase the promoted good.

4) **Price-off Promotions.** That is a reduction in a brand's regular price. Retailers usually dislike such kinds of promotion because they create inventory and pricing problems, specially when a store has a brand in inventory at both the price-off and regular price.

5) **Bonus Packs.** This refers to extra quantities of a product that a company gives to consumers at the regular price. A possible drawback to this kind is that a large percentage of bonus-packed merchandise will be purchased by regular customers who would have purchased the brand anyway.
6) **Refunds.** This refers to the practice in which the company gives cash discounts to consumers who submit proofs of purchase. The company reinforces brand loyalty and enhance the package with a potentially attractive deal.

7) **Contests and Sweepstakes.** In a sweepstake, winners are determined purely on the basis of chance. In a contest, the consumer must solve the specified contest problem and may be required to submit proofs of purchase.

8) **Tie-In Promotions.** This kind consists of the pooling of resources between two or more products, brands, or services. For instance, inter-company pooling involves a joint sales promotion for two or more distinct brands from a single company. They are cost effective because the cost is shared among multiple brands or products.

**Point-of-Purchase Communications.** These embody displays, posters, signs, shelf talkers and a variety of other materials that are intended to influence buying decisions at the point of purchase. Two other integral elements of this kind are packaging (the communication about a product via its various symbolic components: color, shape, size, physical materials, and labeling) and brand naming (or trademark which distinguishes the product from other product categories, thus giving it a notion of its own.)

**Personal Selling or Direct Marketing.** It is a form of person-to-person communication in which a sales or promotion person works with prospective buyers and attempts to influence their purchase needs in the direction of his or her company's products or services. The accrued advantage is that this kind contributes to a relatively high level of customer attention; it enables the sales or promotion persons to customize the message to the customer's specific interests and needs, yields immediate feedback, and provides a greater ability to demonstrate a product's functioning and performance characteristics.
**Advertising.** It is a form of either mass communication or direct-to-consumer communication that is non-personal and is paid by commercial companies with the hope to inform or persuade the members of the target market.

Selecting the right type of advertising to accomplish a particular objective is significant in the selection of media and the development of advertising strategy (i.e. the formulation of a sales message that communicates the product or brand's primary benefit or how it can solve the consumers' problem(s)) . The creation of effective advertisements requires a clear understanding of what consumers value when choosing among brands in a particular product category.

The advertising strategy should focus on the linkages between attributes of products (i.e. the features or aspects of the product or brand to be advertised), the consequences of these attributes for the consumer (i.e. the advantages or disadvantages which the consumers hope to receive or avoid when consuming products, and the personal factors that the consequences reinforce (i.e. those enduring beliefs people hold regarding what is important in life.

Choosing the medium to transmit the advertisement depends on the advertising objective which is the goal that advertising efforts attempt to achieve. More generally, the advertising strategy involves four major activities-objective setting, budgeting, message strategy, and media strategy. For the vast majority of internationally branded products, these activities are carried out by the multinational companies in correlation with their respective advertising agencies. Because of this fact, a brief discussion will be made concerning them.

Media strategy is the most complicated of all marketing communications decisions. In addition to determining which general media categories to use (television, radio, or newspaper), the media planner must also pick specific vehicles within each medium (special magazines or radios), and decide how to allocate the available budget among the various media, and, finally, decide on how to distribute the budget over time and across geographical locations.
In conclusion, companies should distribute the total promotion budget over the different promotion tools discussed earlier in this chapter. They should always search for modes to gain efficiency by substituting one promotional tool for another as its economic benefits become more attractive.

The factors in setting the promotion mix are examined below.

1) **Type of Product Market.** That is, the consumer, institutional, or specialized markets.

2) **Push versus Pull Strategy.** A push strategy is when the manufacturer and/or agent directs the marketing activities at channel intermediaries to motivate then to carry and promote the product to final consumers. A pull strategy is when the manufacturer and/or the agent directs the marketing activities at the end users to induce then to ask intermediaries for the product and consequently to push the intermediaries to order the product from the agent.

3) **Product-Life Cycle Stage.** Promotional cost-effectiveness depends on the different stages of the product life cycle (i.e., introduction, growth, maturity, and decline).

To sum up, promotional tools are intended to accomplish the following objectives:

1. Facilitate the successful introduction of new products.
2. Build sales of existing products by increasing frequency of use, variety of uses, and the quantity purchased.
3. Inform the trade and consumers about product improvements and innovations.
4. Generate sales leads.
5. Persuade middlemen to handle the company's brands.
6. Develop brand awareness and acceptance.
7. Increase customer loyalty.
8. Counter competitors' marketing and promotional efforts.
Physical Distribution

The major tasks of marketing management are to seek out and serve the potential and the existing target markets and to develop appropriate and coordinated product, price, promotion, and distribution strategies to serve those markets in a competitive and dynamic environment. Marketing channel management, as one of the major strategic areas of marketing management, fits under the distribution variable in the marketing mix. The marketing channels, the group of channel members to which a set of distribution tasks has been allocated, enables both consumers and institutional users to have a vast array of products and services conveniently available.

The channel structure for consumer and household products can take one of five forms; Figure 2-2 illustrates these forms.

**Figure 2-2**

**A Typical Portrayal of Channel Structure**

**For Consumer and Household Goods**
As such, channel design which refers to those decisions involving the development of new marketing channels or to the modification of current channels is crucial.

In Lebanon the distribution tasks for consumer and household products are carried out by agents, subagents, and/or wholesalers. By definition, agents are those firms that are primarily engaged in buying products from suppliers and taking title to them. In addition the agents, responsibilities encompass marketing the products, and reselling them in smaller quantities to retailers, subagents, and to other wholesalers.

Retailers consist of business firms engaged primarily in selling merchandise for personal or household consumption and for institutions who do not use them for industrial or manufacturing purposes. For the purpose of this research study, only two types of retailers will be exhibited.

(1) Store retailers and retail organizations. These include, as far as Lebanon is concerned, department stores, corporate chains (for company employees only), shopping centers, cooperative chains (i.e. two or more outlets that are commonly owned and controlled), groceries, and supermarkets.

(2) Non-store retailers. In the U.S.A., non-store retailing has been growing much faster than store retailing. In Lebanon, this kind started to receive attention by the major consumer products' firms and, moreover, is activated on a small scale. The most important type of non-store retailing is direct selling which is sometimes complementary to direct marketing, often carried out by a promotion team who use direct-response promotional tools, such as price and quantity offers. Practically, direct marketing is usually carried out through house gatherings or gatherings in public places, such as universities, schools, or social clubs.
Endnotes


3. Ibid., p.32.


5. Ibid., p.48.


12. Ibid., p.491.
Chapter 3

The Marketing Environment

The marketing environment is the place where the company must start its search for opportunities and possible threats on the one hand and for company strengths and probable weaknesses on the other hand.

To ensure which objectives are feasible and optimal to the well-being of the company, and before formulating the marketing strategy and tactical programs, it is very wise for the company to scan its internal and external marketing environment.

Marketing environmental assessment gives insights and hints to the following issues:
1. Selecting new segments or niches requires an appraisal of the market opportunities available to the company.
2. It defines the characteristics of the customers.
3. It identifies the firms' competitors showing their market positions and the way they perform their marketing activities.
4. It describes all the kinds of marketing intermediaries who facilitate the link between the company and the end consumers.
5. It provides information to the decision makers to facilitate their decisions as to which marketing and financial objectives are feasible or optimal.
6. It provides sequential information to guide the decision maker in formulating the marketing plan.
7. It aids in allocating the financial resources to the best use.
8. It addresses, although indirectly, the firm-specific advantages and disadvantages through analyzing the company organization and performance in addition to the distinctive competencies of the suppliers or the manufacturers of the products it markets.
9. The marketing environment always spins out new opportunities, in bad as well as in good years.
10. The marketing environment also spins out new threats—such as foreign competition and government regulations, and firms find their markets collapsing.
Company marketers should use marketing intelligence and marketing research to track the changing environment. By erecting early warning systems, marketers will be able to design marketing strategies in time to meet new challenges and opportunities in the business environment.

Therefore, environmental scanning is the tool used by an organization to monitor and forecast those forces that are: (1) external to and not under the direct control of the organization and (2) internal to and under the control of the firm to a great extent.

These forces can be grouped into 2 broad categories: the macroenvironment (external to the company) and the microenvironment (internal to the company).

The macroenvironment includes demographic, economic, sociocultural, technological, political, and physical environments.

The microenvironment (firm-specific background) comprises the core marketing system of the firm, namely the company/suppliers/marketing intermediaries/customers chain in addition to one group that affects the well-being of the company—the set of competitors.

A. Macroenvironment

Columbus s.a.r.l is an integral part of the Lebanese consumer goods market. Its turbulent nature is due to uncontrollable forces such as harsh economic conditions and population reshuffling, that create opportunities or pose threats for any firm operating under such circumstances.

Each macroenvironmental factor will be analyzed in accordance with the activities performed by Columbus s.a.r.l. Furthermore, a short discussion will be presented showing the courses of action followed by Columbus s.a.r.l. for each environmental force in order to adapt to the new imposed circumstance under which it will have to function.
The company's marketing system must, therefore, operate within the framework of forces that constitute the system's external environment. One key to learning about the environment is to monitor it in a systematic, continuous fashion. In each of the six macroenvironmental categories, marketing executives should be alert to trends, new developments, and other changes that may present marketing opportunities and/or threats to the specific company.

1. **Demographic Environment**

The last two decades have witnessed a drastic reshuffling in the population due to two major reasons:

1) The sixteen-year Lebanese war.
2) The trends toward urbanization and the changing nature of many of the rural areas.

The so-called civil war which broke out in April 1975 and which took many forms in later stages has created a new political and accordingly demographic map. This map was reinforced by fixed and variable demarcation lines drawn inside and around many Lebanese cities and towns. In addition, a security zone area was created by the state of Israel which expanded and shranked depending on political and military factors throughout the war.

This sectarian reshuffling has caused the informal creation of religious areas in many parts of the country. In addition, communication and transportation links between several Lebanese areas were, at times, if not impossible. As a result, Columbus s.a.r.l. has had to segment to segment its Lebanese market due to the circumstances described above. Segregation, or decentralization in distribution, has been adopted by Columbus s.a.r.l. because the previously dominating parties have been able to divide Lebanon into political and military zones that could not have been integrated into a sole entity.

This unpleasant situation prevailed until the end of 1990 when the process of unification actually started and accordingly the military
strongholds were abolished. In the meantime, Columbus s.a.r.l., along with the other sister companies constituting Fattal Holding s.a.l., have followed the decentralization policy in physical distribution and handling. Excluding the area of East Beirut where distributing was carried out directly, Columbus s.a.r.l. has selectively chosen five subagents (wholesalers) whom it trusted based on past operational records to carry out distribution operations in the different political and secular areas throughout Lebanon.

This situation aroused new chains of challenges that frustrated the fulfillment of Columbus s.a.r.l.'s mission and objectives. Crossing between the different areas was subject to frequent corruptions. Cooperation of efforts was impaired by incomplete channels of communication, expenses were increased due to additional illegal taxation and bribery imposed by war masters, and extra operational inconveniences such as transportation that blocked the maneuvering ability of Columbus s.a.r.l. to adjust to the constantly changing situations.

However, marketing planning and strategy was undertaken at the headquarters in Sin el fil for all the Lebanese territories with different (specific) concerns given to each territory. The coordination with the different subagents was either done at Columbus s.a.r.l. central offices or at the subagents' central offices.

In parallel, the last two decades have witnessed an increased trend towards urbanization on the one hand and a change in the nature of some of the previously called rural areas on the other. For Columbus s.a.r.l., this implies two things:

First, there has been a population concentration in the cities on the coast and in some towns of the Bekaa valley.

Second, many of what were known to be rural areas became modernized with an increased population possessing the qualities of urbanization. Columbus s.a.r.l. has been drastically affected by this situation since a part of its target market has been redistributed. Accordingly, physical distribution and promotion were affected since they are always targeted at the location of the customer—wherever he or she may be.
Another factor to be considered is the changing Lebanese household. Compared with the past few decades, people are marrying at a relatively remoter age and having fewer children; the average age of couples marrying has been rising over the years. There has also been an increase in the number of working mothers with young children. Finally, the divorce rate, although minor in effect, has been remarkably accelerating. Meanwhile, the SSWD group (single, separated, widowed, divorced) needs smaller appliances and furniture, and food package in smaller sizes.

Table 3-1 shows the evolution of the Lebanese population from 1975 till 1992.

Table 3-1
Evolution of the Lebanese Population
(in thousands)

<table>
<thead>
<tr>
<th>Year</th>
<th>Population</th>
<th>No. of residents</th>
<th>No. of emigrants</th>
</tr>
</thead>
<tbody>
<tr>
<td>1975</td>
<td>2,849</td>
<td>2,272</td>
<td>625</td>
</tr>
<tr>
<td>1976</td>
<td>2,897</td>
<td>2,625</td>
<td>321</td>
</tr>
<tr>
<td>1977</td>
<td>2,946</td>
<td>n.a.</td>
<td>n.a.</td>
</tr>
<tr>
<td>1978</td>
<td>2,996</td>
<td>n.a.</td>
<td>n.a.</td>
</tr>
<tr>
<td>1979</td>
<td>3,090</td>
<td>n.a.</td>
<td>n.a.</td>
</tr>
<tr>
<td>1981</td>
<td>3,213</td>
<td>2,981</td>
<td>232</td>
</tr>
<tr>
<td>1982</td>
<td>3,267</td>
<td>2,812</td>
<td>454</td>
</tr>
<tr>
<td>1983</td>
<td>3,323</td>
<td>2,653</td>
<td>670</td>
</tr>
<tr>
<td>1984</td>
<td>3,379</td>
<td>2,644</td>
<td>735</td>
</tr>
<tr>
<td>1985</td>
<td>3,437</td>
<td>2,635</td>
<td>802</td>
</tr>
<tr>
<td>1986</td>
<td>3,495</td>
<td>2,660</td>
<td>605</td>
</tr>
<tr>
<td>1987</td>
<td>3,455</td>
<td>2,686</td>
<td>443</td>
</tr>
<tr>
<td>1988</td>
<td>3,515</td>
<td>2,830</td>
<td>685</td>
</tr>
<tr>
<td>1989</td>
<td>3,551</td>
<td>n.a.</td>
<td>n.a.</td>
</tr>
</tbody>
</table>
Continued Table 3-1

<table>
<thead>
<tr>
<th>Year</th>
<th>Population</th>
<th>No. of residents</th>
<th>No. of emigrants</th>
</tr>
</thead>
<tbody>
<tr>
<td>1990</td>
<td>3,612</td>
<td>n.a.</td>
<td>n.a.</td>
</tr>
<tr>
<td>1991</td>
<td>3,673</td>
<td>n.a.</td>
<td>n.a.</td>
</tr>
<tr>
<td>1992</td>
<td>3,736</td>
<td>2,882</td>
<td>854</td>
</tr>
</tbody>
</table>


Table 3-2 depicts an estimation of the Lebanese population by geographical areas for 1992.

**Table 3-2**

*Estimation of the Lebanese population by Geographical Areas*

<table>
<thead>
<tr>
<th>Areas</th>
<th>Percentage</th>
<th>No. of residents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beirut</td>
<td>16.54</td>
<td>581,000</td>
</tr>
<tr>
<td>Mount Lebanon</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Jbeil</td>
<td>1.71</td>
<td>60,100</td>
</tr>
<tr>
<td>Kesrwan</td>
<td>4.06</td>
<td>142,500</td>
</tr>
<tr>
<td>Al Metn</td>
<td>11.30</td>
<td>396,700</td>
</tr>
<tr>
<td>Ba'abda</td>
<td>19.15</td>
<td>356,600</td>
</tr>
<tr>
<td>Aley</td>
<td>3.78</td>
<td>132,600</td>
</tr>
<tr>
<td>Al Chouf</td>
<td>4.70</td>
<td>164,900</td>
</tr>
<tr>
<td>TOTAL</td>
<td>35.69</td>
<td>1,253,400</td>
</tr>
</tbody>
</table>

The Bek'aa

<table>
<thead>
<tr>
<th>Area</th>
<th>Percentage</th>
<th>No. of residents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Zahle'</td>
<td>3.93</td>
<td>137,900</td>
</tr>
<tr>
<td>Hermel</td>
<td>0.87</td>
<td>30,600</td>
</tr>
<tr>
<td>Ba'albeck</td>
<td>4.50</td>
<td>158,200</td>
</tr>
<tr>
<td>West Bek'a'a</td>
<td>1.60</td>
<td>56,300</td>
</tr>
</tbody>
</table>
Continued Table 3-2

<table>
<thead>
<tr>
<th>Areas</th>
<th>Percentage</th>
<th>No. of residents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rachaya</td>
<td>0.77</td>
<td>27,000</td>
</tr>
<tr>
<td>TOTAL</td>
<td>11.67</td>
<td>410,000</td>
</tr>
</tbody>
</table>

North Lebanon

<table>
<thead>
<tr>
<th>Areas</th>
<th>Percentage</th>
<th>No. of residents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tripoli</td>
<td>9.03</td>
<td>327,200</td>
</tr>
<tr>
<td>Akkar</td>
<td>4.83</td>
<td>169,800</td>
</tr>
<tr>
<td>Zghorta</td>
<td>1.78</td>
<td>62,500</td>
</tr>
<tr>
<td>Al Koura</td>
<td>2.14</td>
<td>75,100</td>
</tr>
<tr>
<td>Becharré</td>
<td>0.58</td>
<td>19,800</td>
</tr>
<tr>
<td>Batroun</td>
<td>1.30</td>
<td>45,600</td>
</tr>
<tr>
<td>TOTAL</td>
<td>19.65</td>
<td>690,000</td>
</tr>
</tbody>
</table>

South Lebanon

<table>
<thead>
<tr>
<th>Areas</th>
<th>Percentage</th>
<th>No. of residents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sidon</td>
<td>5.10</td>
<td>179,000</td>
</tr>
<tr>
<td>Jezzine</td>
<td>1.20</td>
<td>42,000</td>
</tr>
<tr>
<td>Tyr</td>
<td>4.53</td>
<td>159,100</td>
</tr>
<tr>
<td>Bint Jbeil</td>
<td>0.80</td>
<td>28,000</td>
</tr>
<tr>
<td>Nabattieh</td>
<td>2.88</td>
<td>101,000</td>
</tr>
<tr>
<td>Hasbaya</td>
<td>0.74</td>
<td>26,000</td>
</tr>
<tr>
<td>Marje'youn</td>
<td>1.21</td>
<td>42,500</td>
</tr>
<tr>
<td>TOTAL</td>
<td>16.45</td>
<td>577,600</td>
</tr>
</tbody>
</table>

General Total | 100.00     | 3,061,030


Table 3-3 shows the active Population according to sector and sex.
Table 3-3
Active Population Per Sector and Sex

<table>
<thead>
<tr>
<th>Sector</th>
<th>Males</th>
<th>Females</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture</td>
<td>100,519</td>
<td>34,671</td>
<td>135,221</td>
</tr>
<tr>
<td>Mines</td>
<td>555</td>
<td>154</td>
<td>709</td>
</tr>
<tr>
<td>Manufacture</td>
<td>96,007</td>
<td>30,356</td>
<td>126,424</td>
</tr>
<tr>
<td>Electricity, gaz, &amp; water</td>
<td>6,644</td>
<td>154</td>
<td>6,811</td>
</tr>
<tr>
<td>Civil Construction</td>
<td>43873</td>
<td>462</td>
<td>44,340</td>
</tr>
<tr>
<td>Wholesaling</td>
<td>107,739</td>
<td>9,553</td>
<td>117,272</td>
</tr>
<tr>
<td>Transportation &amp; Telecommunications</td>
<td>46,094</td>
<td>3,236</td>
<td>49,306</td>
</tr>
<tr>
<td>Financial services</td>
<td>19993</td>
<td>6,016</td>
<td>24,759</td>
</tr>
<tr>
<td>Social &amp; personal services</td>
<td>133,844</td>
<td>69,490</td>
<td>204,609</td>
</tr>
<tr>
<td>General Total</td>
<td>555,358</td>
<td>154,092</td>
<td>709,451</td>
</tr>
</tbody>
</table>

Source: Morcos, Michel, Le Commerce Magazine; Beirut, 7 October, 1993, p. 38.

As can be seen from these demographic figures, the Lebanese war, the trend towards urbanization, and the changing structure of many (previously called) rural areas has caused a reshuffling in the population in terms of internal territories as well as migration to foreign countries.

These aggregate and segmented demographic data have been and still are essential in the preparation of any marketing plan for the total market with specific versions to certain geographical areas specially that demand level and consumption estimates are needed. These data are also required for the determination of aggregate as well as regional target sales figures for the different product lines.
2. Economic Environment

During the fourty years preceding the independence (1943-1983), Lebanon had been a healthy economic country. This was measured by the consumer price index (and the inflation rate), the gross domestic product, and the exchange rate for the foreign currencies.

The economic stability had encouraged regional as well as international firms to launch operations in Lebanon, making this country a regional base for multinational corporations.

In 1984, the Lebanese pound started dropping against most foreign currencies. During the past four decades the Lebanese pound was fluctuating little between 2.20 L.L. and 3.50 L.L. to the U.S. Dollar.

During that year, inflation followed the exchange rate and consumer prices drastically increased at an annual rate of more than 500 percent. Accordingly, prices were being quickly adjusted to the exchange rate of the national currency if not to an expected higher rate, leaving many consequences on the consumer and the business firm.

The following table shows the exchange rate of the U.S Dollar against the Lebanese lira for the period 1984 till 1993

<table>
<thead>
<tr>
<th>Year</th>
<th>Year-end exchange rate</th>
<th>Min. exchange rate during the year</th>
<th>Max. exchange rate during the year</th>
</tr>
</thead>
<tbody>
<tr>
<td>1984</td>
<td>8.89</td>
<td>5.30</td>
<td>9.00</td>
</tr>
<tr>
<td>1985</td>
<td>18.10</td>
<td>8.90</td>
<td>19.35</td>
</tr>
<tr>
<td>1986</td>
<td>87.00</td>
<td>18.10</td>
<td>92.00</td>
</tr>
<tr>
<td>1987</td>
<td>455.00</td>
<td>79.80</td>
<td>600.00</td>
</tr>
<tr>
<td>1988</td>
<td>530.00</td>
<td>350.00</td>
<td>.550.00</td>
</tr>
<tr>
<td>1989</td>
<td>505.00</td>
<td>413.50</td>
<td>550.00</td>
</tr>
</tbody>
</table>

Table 3-4
Exchange Rate of U.S. Dollar to the L.L.
Continued Table 3-4

<table>
<thead>
<tr>
<th>Year</th>
<th>Year-end exchange rate</th>
<th>Min. exchange rate during the year</th>
<th>Max. exchange rate during the year</th>
</tr>
</thead>
<tbody>
<tr>
<td>1990</td>
<td>842.00</td>
<td>505.00</td>
<td>1,220.00</td>
</tr>
<tr>
<td>1991</td>
<td>879.00</td>
<td>842.50</td>
<td>1,150.00</td>
</tr>
<tr>
<td>1992</td>
<td>1,838.00</td>
<td>878.75</td>
<td>2,825.00</td>
</tr>
<tr>
<td>1993</td>
<td>1,711.00</td>
<td>1,711.00</td>
<td>1,838.00</td>
</tr>
</tbody>
</table>


Table 3-5 depicts Lebanon's Gross Domestic product and Consumer price index for the years 1973 through 1991.

<table>
<thead>
<tr>
<th>Year</th>
<th>GDP (in millions of $)</th>
<th>Consumer Price Index 1974 → 100</th>
</tr>
</thead>
<tbody>
<tr>
<td>1973</td>
<td>7,920</td>
<td>90</td>
</tr>
<tr>
<td>1974</td>
<td>8,137</td>
<td>100</td>
</tr>
<tr>
<td>1975</td>
<td>6,750</td>
<td>111</td>
</tr>
<tr>
<td>1976</td>
<td>3,376</td>
<td>121</td>
</tr>
<tr>
<td>1977</td>
<td>4,827</td>
<td>187</td>
</tr>
<tr>
<td>1978</td>
<td>4,698</td>
<td>187</td>
</tr>
<tr>
<td>1979</td>
<td>4,828</td>
<td>231</td>
</tr>
<tr>
<td>1980</td>
<td>4,900</td>
<td>286</td>
</tr>
<tr>
<td>1981</td>
<td>4,923</td>
<td>341</td>
</tr>
<tr>
<td>1982</td>
<td>3,082</td>
<td>409</td>
</tr>
<tr>
<td>1983</td>
<td>n.a.</td>
<td>436</td>
</tr>
<tr>
<td>1984</td>
<td>n.a.</td>
<td>.512</td>
</tr>
<tr>
<td>1985</td>
<td>n.a.</td>
<td>840</td>
</tr>
<tr>
<td>1986</td>
<td>n.a.</td>
<td>1,719</td>
</tr>
</tbody>
</table>
Continued Table 3-5

<table>
<thead>
<tr>
<th>Year</th>
<th>GDP (in millions of $)</th>
<th>Consumer Price Index 1974 → 100</th>
</tr>
</thead>
<tbody>
<tr>
<td>1987</td>
<td>8,556</td>
<td>8,657</td>
</tr>
<tr>
<td>1988</td>
<td>2,599</td>
<td>1,277</td>
</tr>
<tr>
<td>1989</td>
<td>2,178</td>
<td>148</td>
</tr>
<tr>
<td>1990</td>
<td>1,993</td>
<td>162.8</td>
</tr>
<tr>
<td>1991</td>
<td>3,700</td>
<td>n.a.</td>
</tr>
</tbody>
</table>

Source: Chamber of Commerce and Industry, Department of Statistics and Economic Studies.

These megatrends in the economic situation have affected Columbus s.a.r.l., both negatively and positively at the same time. From the positive side, after the deterioration of the economic situation in the mid-1980s, the "dollarization" of products was gradually introduced and the retail prices of a growing number of commodities were priced in U.S. Dollars. On the other hand, the salaries which used to account for around 10% of gross sales averaged less than 2% in 1987 and 1988 and around 5% in 1990 and 1991.

Mass Institute, which is specialized in statistical and census studies, has conducted a research-dated January 1993-showing the income for different salary(or income) class intervals. The following Table depicts it.

**Table 3-6**

<table>
<thead>
<tr>
<th>Monthly Salary (or income) Class Interval</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>$120 and below</td>
<td>7.7</td>
</tr>
<tr>
<td>$121-290</td>
<td>28.8</td>
</tr>
<tr>
<td>$291-630</td>
<td>48.2</td>
</tr>
<tr>
<td>$631-1450</td>
<td>11.9</td>
</tr>
<tr>
<td>$1451 and above</td>
<td>2.4</td>
</tr>
</tbody>
</table>
To add up the following table shows minimum monthly wages from 1983 to 1993.

Table 3-7
Minimum Year-end Monthly Wage
For the Private Sector

<table>
<thead>
<tr>
<th>Year</th>
<th>Year-end monthly wage (in L.L.)</th>
<th>Equivalent year-end monthly wage (in US $)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1983</td>
<td>1100</td>
<td>269</td>
</tr>
<tr>
<td>1984</td>
<td>1250</td>
<td>141</td>
</tr>
<tr>
<td>1985</td>
<td>1,475</td>
<td>82</td>
</tr>
<tr>
<td>1986</td>
<td>3,200</td>
<td>37</td>
</tr>
<tr>
<td>1987</td>
<td>8,500</td>
<td>19</td>
</tr>
<tr>
<td>1988</td>
<td>15,000</td>
<td>28</td>
</tr>
<tr>
<td>1989</td>
<td>25,000</td>
<td>50</td>
</tr>
<tr>
<td>1990</td>
<td>45,000</td>
<td>54</td>
</tr>
<tr>
<td>1991</td>
<td>75,000</td>
<td>85</td>
</tr>
<tr>
<td>1992</td>
<td>118,000</td>
<td>64</td>
</tr>
<tr>
<td>1993</td>
<td>118,000</td>
<td>69</td>
</tr>
</tbody>
</table>

Source: The Chamber of Commerce and Industry- Department of Statistics and Economic Studies.

In addition, the vast majority of overhead costs were sharply decreased in terms of U.S. dollar value. Another positive factor was that Columbus s.a.r.l. had overdraft accounts in Lebanese pounds which lost a majority of its real value in a very short time span in 1985. Furthermore, Columbus s.a.r.l. was intelligent to sign a forward contract with its bank in 1984, giving it instructions to immediately exchange all the sums in L.L. into U.S. Dollars in order to limit the loss from national currency fluctuations.

Another positive aspect with respect to Lebanese commercial companies was the customs' U.S. Dollar which was and still is well below
the real exchange rate. Table 3-8 Shows the rate of Customs' U.S. Dollar from 1986 till 1993.

Table 3-8
The Customs U.S. Dollar

<table>
<thead>
<tr>
<th>Year</th>
<th>U.S. Customs Dollar in L.L.</th>
<th>Year-end exchange rate / U.S. S</th>
</tr>
</thead>
<tbody>
<tr>
<td>1986</td>
<td>6</td>
<td>87.00 L.L.</td>
</tr>
<tr>
<td>1987</td>
<td>6</td>
<td>455.00 L.L.</td>
</tr>
<tr>
<td>1988</td>
<td>6</td>
<td>530.00 L.L.</td>
</tr>
<tr>
<td>1989</td>
<td>6</td>
<td>505.00 L.L.</td>
</tr>
<tr>
<td>1990</td>
<td>6</td>
<td>842.00 L.L.</td>
</tr>
<tr>
<td>1991</td>
<td>100</td>
<td>879.00 L.L.</td>
</tr>
<tr>
<td>1992</td>
<td>200</td>
<td>1838.00 L.L.</td>
</tr>
<tr>
<td>1993</td>
<td>800</td>
<td>1731.00 L.L.</td>
</tr>
</tbody>
</table>

Source: Central office of Lebanese Customs, Verdun-Beirut.

On the negative side, Columbus s.a.r.l. sells the majority of its product lines on credit terms, usually ranging from 30 to 45 days. Although this is a short time span, the fluctuations in the Lebanese Lira were turbulent in 1984 and 1985 when all the vouchers were issued in the national currency.

Similarly, it took the trading companies and the Lebanese consumers around two years (1984-1985) to transform and adapt to the "dollarization concept". In this period, all the parties in the selling and buying process were shocked and passive to the overwhelming situation.

Meanwhile, Columbus s.a.r.l. started thinking of the different alternatives that are affordable to it and to the target market in order not to lose a big segment of its customers." Under the instructions of Mr. Bernard Fattal, Columbus s.a.r.l. as well as the other business units, diversified into locally produced items that are compatible with international product lines in terms of quality and target markets."1 Dollar invoicing was also
introduced in 1987 and all invoices were and still are being quoted in U.S. Dollars.

The locally produced items that were handled by Columbus s.a.r.l. included Yassmine, a perfumed soap; Magic, a dishwashing liquid and a bleach, and Malice, which is a toilet disinfectant, produced in Lebanon under a French license.

In 1991, Columbus s.a.r.l. started gradually divesting from the locally manufactured goods because the causes that led to the formulation of this strategy had lost much of their importance. Moreover, Columbus s.a.r.l. concentrates on its four vital international brands-Johnson and Johnson, Bristol Myers Squibb, Uniliver, and Gillette.

3. Political Environment

During the periods of political and military disorder, Lebanon was a country characterized by a fragmented political culture; that is, a culture whose citizens lack broad agreement on the way in which political life should be conducted. The population in such a situation is separated into scraps isolated from one another by opposing orientations towards political and civil disorder which suffocated the economic situation. The political megatrends behind the confused needs and wants were successful in segregating ethnic and religious communities into geographically recognized sectarian areas.

When war ended in 1990, this plight gradually changed. The situation nowadays as visualized by political experts is a satisfactory one with respect to:

1. Reunification of the country
2. Enforcement of the laws and regulations
3. The increasing hope for liberating the so-called security belt zone.
4. The return of technocratic individuals and Lebanese families from abroad which enhances the economic cycle
5. The probable progress in Middle East security talks which, in case of success, makes Lebanon an attractive country for tourism and international investments
Columbus s.a.r.l. has greatly suffered in the tragic years of war due to the creation of autonomous areas separated by insecure demarcation lines. The marketing process was affected in many ways. The import and the distribution activities have been seriously disrupted. For instance, sea ports, which are the major means of supply, have been constantly subject to lengthy periods of closure for several reasons. Consequently, shortage periods became frequent.

During the post-war period, Columbus s.a.r.l. was once again able to perform its marketing and distribution activities in a precise manner due to the abolishment of war and political uncertainties. Since 1991, imports of products has been on schedule. Marketing plans were also designed and implemented without the fear of military disruption.

In addition, the reunification of the country did not encourage Columbus s.a.r.l. to reconsider the distribution decentralization policy. During the war, it appointed five subagents in Lebanon (except for East Beirut Sid); these still exist. This step was fundamental because of the political fragmentation which existed. These subagents, due to their solid experience in the field, ensured place and time availability of Columbus s.a.r.l. products at the different retail outlets.

In past war periods, these subagents still carried their distribution activities promptly and effectively. That is why Columbus' management does not reconsider the decentralization distribution policy. In congruency with what has been previously stated, this policy also decreases the transportation costs on the one hand and the salaries and employees' fringe benefits without diminishing the distribution effectiveness on the other.

Moreover, the new political order has caused the governmental and other official agencies to be reactivated. That is, all the laws and regulations which were frozen in application during the times of disorder became reinforced.

With respect to commercial companies, the impact is significant in several ways:
1) Only ports controlled by the government are legal. Before that, the existence of illegal ports made it possible for just anybody to ship smuggled goods into the market and distribute them at a lower price. In order to combat smuggling and to minimize the recurrence of similar events, Columbus s.a.r.l. twice followed the policy of dumping.

2) The control over expiry dates for certain products. This is controlled by the consumer protection agency.

3) The increase in value of the custom’s dollar to 800 L.L. The expectations are that this value will reach the actual exchange rate of the U.S. Dollar in 1994.

4) The higher council for customs duties has imposed new customs duties for all kinds of imported goods. For Columbus s.a.r.l.’s products, the tariffs range from 18% to 21%. These rates were introduced in 1992 and published in the official newspaper in 14 January, 1993.

5) The collection of corporate taxes by the ministry of finance. During the war era, this was only theoretical.

4. Sociocultural Environment

The sociocultural dimension of Lebanon is imperative in planning any marketing strategy, especially in the aftermath of the long war which had nearly torn the country apart. This is important now because the scene is different from what it seemed in the heat of the war when the tension and bloodshed had weighted upon all those concerned, distorting perceptive and inflating or deflating things out of proportion.

While the society of Lebanon may be multifaceted, it culturally is one. In other words, while different religious communities may seem to exhibit different fragments of a picture, Lebanon's culture and history are the unifying and binding frame- for what is of primary importance in understanding people is their culture- the amalgam of values, norms, and social/cultural practices which translate these values and norms.
In surveying the above constituents of the Lebanese culture, we find that the likes and dislikes, preferences and abhorations, tendencies and hates, needs and aspirations, and fears of the Lebanese are generally close to each other but sometimes differ, not in core.

In Lebanon, there are subcultures, the result of different sects, social classes, and life styles, some of which are interlinked. The economic situation plays a significant role in determining whether an individual belongs to this social class or that and which life style he/she should follow. The most important dimension as claimed by social scientists, however, is the subculture, which shapes the religious ethos and social behavior, not vice versa.

The target market of all of Columbus' units products (namely Uniliver, Gillette, Johnson and Johnson, and Bristol Myers Squibb) is not solely composed of one geographic or religious affiliation but is a mixture of all the pieces of the gigsaw.

Columbus s.a.r.l., when planning and conducting the marketing plans for its units, takes into consideration the sociocultural environment. All of the four units put certain remarks for each important social and economic segment. For example, deodorants, such as Axe, Impulse, Hero, and Rexona, fabricated by Uniliver, sell much more to the middle and upper classes. The same thing applies to many of Columbus' products such as Gillettes' shaving creams and foams and J&J's baby care products.

Another example is that of Lifebuoy disinfectant soap which is more popular in the Western side of Beirut because of more concentration of private craftsmen, such as auto mechanics and the like. In addition, there is lower demand for Gillette in places where religious groups are concentrated. This is because many religious people refrain from shaving their beards.

Management at Columbus s.a.r.l stresses supplying all Lebanese territories with its product lines, i.e., no discrimination in marketing and distribution activities on the basis of political and socioeconomic identities.
This is in line with Fattal Holding s.a.l.'s philosophy that it is dedicated to serving all the segments and territories of Lebanon.

The following table depicts the socio-economic class interval distribution for the year 1993.

Table 3-9
The Socioeconomic Class Interval Distribution for 1993

<table>
<thead>
<tr>
<th>Class Interval</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>A-B</td>
<td>9.3</td>
</tr>
<tr>
<td>C</td>
<td>60.3</td>
</tr>
<tr>
<td>D-E</td>
<td>30.4</td>
</tr>
</tbody>
</table>

Where:
A: Upper higher socioeconomic class.
B: Lower higher socioeconomic class.
C: Upper middle and lower middle socioeconomic class.
D: Upper lower socioeconomic class.
E: Lower lower socioeconomic class.

Source: Mass institution for statistical and census studies; Beirut, 1993.

5. Technological Environment

Unfortunately, Lebanon is not a part in the technological breakthroughs taking place in the developed and to a lesser extent developing countries. Therefore, it is inappropriate to talk about the technological developments for Columbus s.a.r.l. alone. The argument would be relevant if the scope of discussion were broadened to include the suppliers or the manufacturers.

Technological developments have become, for the majority of industries, among the most important indicators that determine the level of firm-specific competencies. The degree of technological breakthroughs is
different from one industry to another. In fact, the work being done by the Research and Development departments at Johnson and Johnson, Gillette, Uniliver, and Bristol Myers Squibb on different technologies has led to the introduction and revolutionization of new and existing products and production processes.

The degree of innovative creativity is different from one industry to another, depending on the nature of the product. Some rely on small creative techniques while others are dependent on more complicated ones. For example, Uniliver introduced in 1993 Skip detergent, which is the first liquid detergent. Gillette made a big hit by inventing Gillette Sensor resulting in an additional technological edge over its competitors. It was introduced in the Lebanese market in January 1992; its uniqueness comes from its blades which are fitted on highly sensitive springs.

On the other hand, Johnson and Johnson had limited options as far as technology was concerned, but the company did not miss the opportunity when it saw one coming. Its mission thus evolved to encompass a broader market. From the baby care market, the manufacturers diversified into the skin care market, and introduced new products to their product line to fit the diversification. These new items were the moisturizing creams and lotion, tone lotion, and oil cream to be used as a protection against the sun rays.

Another example in this domain is Miss Clairol of Bristol Myers Squibb which invented a formula in 1992 that extends the period of the hair coloring.

To sum up, as an exclusive agent of the above-mentioned products, Columbus s.a.r.l. is directly influenced by its suppliers' advancements. It is also responsible for sharing the cost in communicating the manufacturers' messages to the ultimate consumer. Since these technologies partly shape the consumer demand through shifting preferences, feedback about their introduction is crucial for demand scheduling.

Although it is not the originator of the innovation, Columbus s.a.r.l. plays a significant role in propagating them and ensuring that they are
effective in repositioning the product, specially in the introductory and growth stages of the product life cycle. These innovations also serve as reminders to the consumers that the producers and their appointed agents are backing up the product, and are proactive in seeking their satisfaction. In addition, this is very important from the point of view of the supplier, for it would act as a reinforcer to the fact that the agent is marketing-oriented and not myopic for profits only.

With respect to Columbus s.a.r.l. as well as to its sister companies, it is ahead of its national rivals from the technological corner. To add, the computer system being employed is up-to-date and provides information that other companies in the same field do not have. For instance, through using a special software, every salesman at Columbus s.a.r.l. is monitored as to the sales volume actualized by day, week, month, yearly quarter, and annum. The flow of information upwards can also be retrieved from the computer.

In 1993, Fattal Holding s.a.l. has signed a contract with a major industrial company to make a computerized and automated huge warehouse in a new building near its premises where goods are received and distributed through highly technological machines and orders are transmitted via the computer from any of the companies of Fattal Holding s.a.l. sharing this warehouse; this highly sophisticated project is the first of its kind in Lebanon.

6. Physical Environment

This raises the attention on two issues:

(1) The extent of preserving the environment
(2) The degree of safety the products offer the user

The protection of the environment became a major marketing policy in the Western countries. This was mainly noticed after the studies about the deterioration of the ozone layer in the beginning of the 1980s. Advertisements on deodorants started to include slogans "ozone layer
safe" or "ozone friendly". Accordingly, deodorant manufacturers that are using CFC or free gases in their spray containers enhanced their images abroad as organizations that care for the environment.

Another environmental issue that became of critical importance in the mid-1980s was the incineration (recycling) policies of the major industrial and manufacturing organizations.

Moreover, toxic emissions and hazard management became major areas of interest to the manufacturing companies. Deodorant manufacturing firms, such as Elida Gibbs Ltd., owned by Uniliver, are concerned about the preservation of toxic material emission. For example, all its deodorant bottles include a caution notice for not exposing the cylinder packages to a temperature exceeding 50 degrees Celsius for this purpose. Recycling slogans are also seen on some of the product lines offered by Columbus s.a.r.l. for the purpose of benefiting from the waste that results after the use of these products. If all the Lebanese trading companies followed this activity, the Lebanese people certainly would have a more conscious society about their environment.

At first sight, one might presume that Lebanon is very far from these scenes of events. This is partially true. However, since Columbus s.a.r.l. is a major importer, it cannot but be exposed to the realities of this specific issue. The Lebanese commercial companies are affected by the environmental activism of the Western nations, and consequently, of the company under discussion, and all the Lebanese firms should start adjusting so that they will be prepared for this eventuality.

On the other hand, all the products marketed and distributed by Columbus s.a.r.l. ensure safety to the consumers. Moreover, if there is any dangerous aspect in the contents of a product, this is certainly written down under a warning or caution section on the commodity itself. In this manner, the suppliers as well as Columbus s.a.r.l. withdraw any responsibility from misusing the product.
B. Microenvironment

The core marketing system of the company is comprised of the company itself (its different departments), suppliers, marketing intermediaries, customers, and competitors. The company's prosperity will be dependent on this chain of microenvironment actors.

1. Columbus s.a.r.l.

Columbus s.a.r.l. is one of the 13 sister companies constituting Fattal Holding s.a.l. which is also part of a larger framework known as Khalil Fattal & fils (KFF) - a decentralized trading organization with subsidiaries operating in the fields of export, finance, insurance, and manufacturing.

These sister companies that form Fattal Holding s.a.l. handle the marketing and distribution aspects of product lines for a huge number of foreign suppliers. Each company or SBU is, to a large extent, independent although all of them share the same group culture, philosophy, and services. These services include corporate accounting, finance, personnel management, and physical handling and warehousing.
The following chart shows the organizational chart of Columbus s.a.r.l.

Chart 3-1
Organizational Chart of Columbus s.a.r.l.

Managing Director-------Executive secretary

Administrative Officer

Accounting Department

Marketing Manager

Head of promotion

Unit Manager (Uniliver) Unit Manager (I&J) Unit Manager (Gillette) Unit Manager (Bristol Myers Squibb)

15 promotion Ladies: Supervisor Supervisor Supervisor Supervisor

8 Salesmen 9 Salesmen 8 Salesmen 6 Salesmen

Source: Mr. Jihad Mneimneh, Unit Manager of Uniliver, Columbus s.a.r.l.

Even though this organizational chart shows a vertical structure, the practice is much more of a flat one. That is:

1) Decision making is made collectively between the sales force and the unit managers on the one hand and the sales force, unit managers, marketing manager and/or managing director on the other.

2) Contingency approach is activated in many cases. There is flexibility in preparing the marketing plan and the promotional effort.
"With certain broad upper and lower limits, flexibility is the name of the game." 

3) Efficient flow of information upwards and downwards.

4) Pleasant (friendly) atmosphere between the colleagues which upgrades the internal communications.

Mr. Nabil Iskandar adds, "Fattal ensures that there is a happy dual marriage between the employee and the company through: 
1. Good (above than average) financial package.
2. Pride and heritage of the company which give the employee some prestige.
3. Friendly relations between the managers and their subordinates.
4. Private insurance policies and pension plans which provide security for the employee.
5. Surprises such as a grant to a newly married person, fully free trip to a foreign country….etc. 

On the other hand, strategic plans are set by the Board of Directors which is presided by Mr. Bernard Fattal. Among its members are 12 managing Directors which head the 13 sister companies forming Fattal Holding s.a.l.

The managing director, in addition to supervising the operational activities, is responsible for communication with the existent and potential suppliers. In addition, he finalizes the settlement of orders for goods with them, setting the budgeted income statement of the unit, and approves the target sales set by the four unit managers that have to be met by each product line. Briefly, all his activities are intended to ensure that the company is achieving the profit objective.

The marketing manager handles the operational activities which include maintaining good relations with subagents and wholesalers, preparing marketing studies, supervising the implementation of promotional programs, collaborating with the personnel department in
developing, understanding and accepting policies through the company, and finally checking on the settlement of orders from suppliers.

Down the scale, each unit manager heads one of the four agencies (Uniliver, Johnson & Johnson, Gillette, and Bristol Myers Squibb). His prime duty is:

1. Formulating and executing the annual marketing plan.
2. Supervising the execution of the annual marketing plan through:
   a) Directing the sales force that handles the lines under his unit.
   b) Planning for the promotional campaigns and activities in coordination with the marketing manager.
3. Controlling the implementation of the marketing plan.

The following duties are performed simultaneously with the first one:

II. Sales forecasting and planning

A) Direct and indirect gathering of information for preparing periodic sales forecasts

B) Reviewing proposed sales quotas and finalizing them for all products, markets, and geographical territories

C) Estimating the unit's market share and setting short- and intermediate-range sales goals

D) Informing the marketing manager and managing director of favorable and unfavorable competitive situations

III. Solving problems with dealers and retail outlets

IV. Pricing

A) Recommending pricing policies in line with the company objectives

B) Determining the desirability of discounted prices in order to move slow selling goods

C) Analyzing the rivals' prices, credit terms, and discounts.
IV. Promotional activities.

A) Reviewing advertising, trade and consumer-oriented sales promotions, and publicity.
B) Observing merchandising and display activities at the retail outlets.
C) Coordinating with the advertising agency and the mother company on the advertising and promotional campaigns and getting informed on any new promotional tool that concerns his unit.

Finally, there are the supervisors and salesmen (there are no saleswomen recruited at Columbus). The supervisor checks on the salesmen of the unit in the retail outlets visited according to the daily route set by the supervisor. He also stresses the products display and, in doing so, he is always on the move from one area to another. In addition, he maintains direct contact with the clientele to ensure that the products reach the ultimate consumer.

The salesmen who are divided among the four units are efficient and professional. Their anciente gives them a lot of strengths on the market; Fattal has the lowest employee turnover rate among the competitors. Moreover, the company has molded its employees' activities that distinguish them in the market as Fattal representatives.

To coordinate the pooled services that Columbus s.a.r.l. shares with the other sister companies, the company has among its staff an administrative officer, two accountants, an executive secretary, and six men for physical handling and distribution (for East Beirut region only). They are directly accountable to Mr. Athanasiou and/or to the administrative officer and not to the heads of the units.

2. Suppliers

These are Uniliver Ltd., Johnson and Johnson, Gillette, and Bristol Myers Squibb corporations. All of them are multinational companies with factories, operational or liaison offices, and agents scattered around the
world. Columbus s.a.r.l. does not handle all the lines that are produced by the above-mentioned suppliers; It is only specialized in the activities of certain product lines of their products mix. The following sections shows a brief description of each supplier.

Johnson and Johnson, with $13.75 billion in sales in 1992, is the world's largest and most comprehensive manufacturer of health care products serving the consumer, pharmaceutical, and professional markets. "In 1992 more than 30% of total worldwide sales were from products introduced in the past five years, reflecting innovative research and the ability to rapidly move products around the world." The company has 84,900 employees and 168 operating companies in 53 countries around the world, selling products in more than 150 countries. "As the world's largest and most diversified health care company, Johnson & Johnson is committed to the health care goals of improving access, slowing cost increases, maintaining quality and preserving innovation."8

The U.S. Gillette corporation is considered one of the companies with the most developed networks of distribution." Sales for the three months ending March 31, 1993 were $1.22 billion, a gain of 1% from $1.21 billion in 1992. Profit from operations was $262.4 million, up 6% from $248.5 million a year earlier."9 Sales of the company's blade and razor business exceeded last year's first quarter, and profits showed major gains in most parts of the world, yielding a significant improvement overall. Toiletries and Cosmetics sales in the 1993 first quarter were sharply above the previous year's level, while profits fell significantly, due to heavy promotional expenses associated with the launch of the Gillette series male toiletries line. With respect to common stocks, the dividends were increased 16.7%, marking the sixteenth consecutive annual increase in dividends.

Gillette's manufacturing portfolio also includes, though not handled by Columbus s.a.r.l., Braun and stationary products. Now Gillette sells consumers shaving creams, brushes, after shave lotions, deodorants, and razors and blades under a single brand name. The message is: " Gillette, the best a man get"10 For many years, it has been trying trying to convince people that system razors (GII, Contour, and since 1990 Sensor) give a shave worth twice the price of disposables. The company spends plenty of
money on product development and marketing—the idea is to pave the way for a series of new shaving products.

The Unilever group has two parent companies: Unilever PLC based in London, and Unilever NV in Rotterdam. They have an identical Board of Directors. The larger in Unilever’s business is the branded and packaged household and Consumer products.

Unilever’s other activities include plantation and animal feeds, and medical products. "These activities are distributed among more than 160 subsidiaries around the world, the most popular of which are Lever Brothers company (U.S.A), Lever Brothers Ltd (Britain), Lever Brothers (Netherlands), Lever Brothers (Italy) and Elida Gibbs Ltd. (France)."

Unilever competes with companies both large and small. Competition is strong in all lines without regard to the number and size of the competing companies involved. The development of new and improved products is important to the company’s success in all areas of its business. In addition, the winning and retention of customer acceptance of the company’s household products involves heavy expenditures for advertising, promotion and selling.

With $6 billion in revenues, Bristol Myers Squibb is a leading antibiotic and anticancer drug maker than simply a manufacturer of toiletries (Loving Care, Miss Clairoil) painkiller (Nuprin, Excedrin) and household products (Drano, Windex). For the past couple of years, Bristol Myers Squibb has outperformed most major drug companies in terms of return to investors. In addition, the company has little debt and one of the few companies that get a triple-A credit rating according to Moody’s and Standard & Poors index for 1992 and 1993.

From the above information, it is noticed that these multinational corporations possess a lot of firm-specific advantages in marketing, research and development, and production which makes them distinctive.
Columbus s.a.r.l., the agent of these corporations, gains a lot of its operational strength from the goodwill of these enterprises. Furthermore, it has a far-reaching edge for the mere fact that it is distributing and marketing very high quality personal care and household products that are available and promoted around the globe. Many of the Lebanese consumers who are exposed to foreign media and weekly/monthly foreign press in addition to those who commute regionally and internationally are exposed to the advertisements made by these giants and their agents.

3. Marketing Intermediaries

"Marketing intermediaries are the firms that aid the company in promoting, selling, and distributing its goods to final buyers."12 With respect to Columbus s.a.r.l., the only type of middlemen that contribute to this chain include subagents, advertising agencies and the groups' banks and insurance firms.

To differentiate, subagents are different from all the rest in that they sell to retail outlets at company prices. Columbus s.a.r.l. sells them on a discount basis and infrequently offers special prices specially on slow selling items—so it also makes sure that these subagents abide by the unit price it preserves in the Lebanese market in order to maintain a unified national price for the products concerned. Excluding the East Beirut area, distributing or more specifically physical handling is performed by:

1. Leader Trading Company, with the central offices and warehouses located in Verdun for West Beirut and its southern suburb region.
2. Black Sea Company, with the central offices and warehouses in Tripoli for Northern Lebanon.
3. General Trading Company, with the central offices in Nabattich for the South of Lebanon (except for the so-called security belt occupied by Israel).
4. Red Sea Company, with central offices and warehouses in Jizzine for the so-called security belt zone.
5. Arabian Sea company, with central offices and warehouses in Zahle for the Bekaâ valley.
These subagents which are allocated specific geographic regions of the total market are prohibited from selling outside their assigned areas. In addition, all of them are committed to a bank guarantee frozen in a bank account as a safety measure for any probable default on payment in the future.

The actual selling, however, is usually performed by Columbus s.a.r.l. employees who are located at the main offices in Sin El Fil or at the subagents' offices; these Columbus employees then give the order commands to the subagents' employees to physically distribute the products to the retail stores. Therefore, their activities regarding Columbus s.a.r.l. are limited to physical handling of Columbus' s.a.r.l. products in addition to fulfilling sales orders to the different kinds of retail outlets in their respective regions.

Retailers, on the other hand, are firms that offer and sell the product to the final user. From this definition lies their importance. Retail establishments are increasingly forming complex and diverse groups. They range in size from the grocery shops to big supermarkets and cooperatives with individual sales in millions of U.S. Dollars. The increase in number of retail firms amounted to 13.7% in 1992, according to Mass Company for statistical and census studies. In addition, the increase in sales volume of retail outlets was remarkably big as Mr. Paul Geadah, co-owner of Geadah Bros., expressed. From the standpoint of economic concentration, "retail is increasingly dominated by large firms." 13 That is why Columbus s.a.r.l. allocates a big portion of its promotion budget to big retail establishments.

Furthermore, these retail outlets sell at whatever markup each deems fit. In case of a price discrepancy of more than 5% between one outlet and another, Columbus s.a.r.l.'s sales force only gives advice either to lower or higher the price to their advantage; they also give the retail stores insight to the retail prices at the different outlets in their region.

To sum up, the channel structure for Columbus s.a.r.l marketed products is shown in the following portrayal:
Three-Level
(for East Beirut Region)

Manufacturer

Agent
(Columbus s.a.r.l.)

Retailer

Consumer

Four-Level
(for other Lebanese regions)

Manufacturer

Agent
(Columbus s.a.r.l.)

Subagent

Retailer

Consumer

Source: Mr. Yenni Athanasiou, Managing Director at Columbus s.a.r.l.

As for advertising agencies that assist the company in targeting and promoting the products to the right market, these are:

1. Intermarkets for Johnson and Johnson products
2. Fortune Promo Seven for Gillette
3. Primo Group for Uniliver
4. Intermarkets for Bristol Myers Squibb

These advertising agencies do not perform full advertising services, such as research, creative services, media planning and buying services, and a variety of client services. This is due to the fact that the suppliers which are pioneers in marketing and promotion do a lot of in-house advertising. As such, Columbus s.a.r.l. receives a budgeted program for advertising and promotion from the regional offices of the suppliers which are located
in London for Uniliver, Johnson and Johnson, and Bristol Myers Squibb, and Dubai for Gillette.

Therefore, the promotional activities for Lebanon are coordinated between the suppliers and Columbus s.a.r.l.'s four units. The role of the advertising agencies lies in reserving and allocating the advertisements in the media that best hit the target market; they also provide Columbus s.a.r.l. with up-to-date information about the effectiveness and coverage of these media. They also conduct consumer behavior studies upon request.

In addition, Columbus s.a.r.l. periodically requires statistical information from Stat and Mass companies for statistical and census about advertising and promotion expenditures incurred by the competitors; it pays a fee for such information, depending on the subject matter.

As far as insurance services and employee insurance and pension plans are concerned, they are handled through the group's insurance and reinsurance company, Assurex s.a.l., which is one of Khalil Fattal and sons' companies. That is why the insurance and pension plans for the employees are good and reliable ones.

Another service that Columbus s.a.r.l. shares with the sister companies is the financial service. It depends on the group's banks to help in performing the transactions and operations with the suppliers, merchants and other kinds of intermediaries. Mainly, these appointed banks by the Holding Company provide credit facilities, such as letter of credit openings and overdrafts.

4. Customers

Columbus links itself with the suppliers and middle-men so that it can effectively market and distribute the products to its target market. Its target market consists of the following types of customer markets:

1. Consumer Markets: Individuals and households that buy the goods for personal consumption.
2. Institutional Markets: Institutional organizations, like schools, universities, hotels, restaurants, factories and shops, which buy the products for the use of the institution.

3. Reseller Markets: Organizations that buy the products in order to resell them at a profit.

The ultimate aim is definitely the final consumer (i.e. the one who benefits from the actual purchase). This is because the products' features, design, and contents are aimed at satisfying the final consumer's needs and wants. That is why Columbus s.a.r.l., in coordination with the suppliers, conduct consumer behavior studies to comprehend its target market in order to serve it optimally. In addition, all the units request from their respective advertising agencies to conduct consumer behavior studies for the individual products from time to time. These studies, as Mr. Jihad Mneimneh contends, include the major factors influencing the consumer buying behavior, such as:

1. Sociocultural factors, i.e., the social class, family, roles and statuses of the consumers.
2. Personal factors, i.e., the economic circumstances in terms of disposable incomes and spending power, occupation, age and life cycle stage and life style of the consumers.

Moreover, these studies encompass information about the consumer buying process, namely prepurchase and purchase decisions. The successive sets involved in consumer decision-making which are stated by Kotler also apply to Columbus s.a.r.l. products. For example, the following chart shows the different sets in reaching a final decision for a specific baby shampoo:
Figure 3.2
Successive Sets Involved in Consumer
Decision Making (For Baby Shampoo)

Total Set → Awareness → Consideration → Choice Set → Decision Set

- J&J
- Dandy
- Pert Plus
- Ghada
- Fa

- J&J
- Dandy
- Pert Plus
- Fa
- etc.

- J&J
- Dandy
- Pert Plus

Columbus s.a.r.l.'s consumer target market can be broken down into several sub-markets, according to the product lines it markets. Although there are broad lines that link these target markets, each one should be briefly defined in order to have accurate marketing plans.

As for Gillette, the target market is all the male population aged above sixteen years. Gillette has products which fit the economic circumstances of the entire male population above this age. For instance, Gillette Sensor razors and blades are targeted for high and middle income earners while Gillette Nacet is targeted for low income individuals. In addition, Gillette's razors and accessories fit the life styles of all the males who shave. The only exception in this domain are some of the religious people who refrain from shaving.

Regarding Johnson and Johnson, the target market is expanding to include the adults. This is emphasized in advertising and promotions. In short, the target market of Johnson and Johnson can be broken down into two general segments:

1. The baby segment, with the actual purchases done by one of the parents.
2. The adult section, which has remarkably increased in number, especially during and after late 1980's when advertising and promotional campaigns were launched to attract this segment.

With respect to the socioeconomic background of the target market, the products are mainly projected for:

A. High socioeconomic class
B. Middle class
C. Educated low class

These classes appreciate the high quality of J&J products and/or can afford buying them frequently.

Concerning Uniliver it has three sub-product lines with partially distinctive target markets. These are the bar soaps, detergents, and personal products (toothpastes and deodorants). For the bar soaps and detergents product mix, the target market consists of the population above 18 years of age with mainly high and middle socioeconomic backgrounds. People with low disposable incomes usually buy low priced, locally or regionally manufactured commodities. As for toothpastes and deodorants, they fit the socioeconomic class intervals since they are moderately priced and the duration of using them is not very short. More specifically, the users of deodorants have a life style which is affected by the West in term of habits or attitudes. For illustration, many of the conservative people who refuse to follow the Western habits refrain from using deodorants.

Bristol Myers Squibb, in opposition, currently has a specific target market (in terms of scope) due to the fact that the product mix it offers in Lebanon is functionally for hair treatment and coloring. With the introduction of Infusium line which includes Infusium shampoo, Leave in Treatment and Clairol Professional Line, some time in 1994, the target market will encompass a lot of other segments in the population. In the meantime, the target market is for females aged above 15 years who are interested in hair coloring. They can be grouped into two types:

1. Females between the ages of 15 and 35 who follow fads and fashion and are interested in changing their appearance to attract others and because they are bored with their actual hair color.
2. Women usually above the age of 35 who are starting to have gray hair.

The second kind of customers are the institutional buyers, i.e., profit making and non-profit making organizations. These constitute a sizable portion of the market and acquire these goods for their own internal use.

Resellers are further broken down into two categories. These are the subagents and retailers.

Subagents are distinguished in that they buy in large amounts and are, therefore, allocated a special discount on their purchases and privileged with a more relaxed credit facility. Their role is to provide inclusive access to the regions under their domination. Columbus s.a.r.l. makes use of their place, time, assortment, and process utilities to satisfy the end users.

Retailers, however, are characterized by smaller purchases. Although major supermarkets order big quantities, prices are unified for all categories of retailers. They are more sensitive to the changing environment since they are directly dealing with the end buyer, or what is known in marketing terminology as the "black box".

Moreover, retailers who are directly covered through the sales force contribute to the promotional and advertising efforts that are handled by Columbus units. They are also useful in that they provide the shelf area and exposure needed for the product to attract consumers, so, the purpose of keeping this distinguished representation in the retail market is to secure a closer link with the end user. It is through them that Columbus s.a.r.l. keeps track of the wants and needs of its target markets and receives primary source of feedback about its products and competition.

5. Competitors

Ideally, the key to identifying competitors is to link industry and market analysis through mapping the "product/market battlefield". For instance, figure 3-3 illustrates the toothpaste market according to product types and customer age groups. We see that P&G and Colgate-Palmolive
occupy nine segments; Uniliver, three; Beecham, two; and Topol, two. If Uniliver wanted to enter other segments, it would need to estimate each segment’s market size, competitors’ market shares in each segment, and their competitors’ capabilities, objectives, and strategies as well as the entry barriers in each segment.

**Figure 3-3**

**Product/market Battlefield Map**

**For Toothpaste**

**Product Segmentation**

<table>
<thead>
<tr>
<th>Plain toothpaste</th>
<th>Colgate-Palmolive-Procter &amp; Gamble</th>
<th>Palmolive-Colegate-Procter &amp; Gamble</th>
<th>Palmolive-Colegate-Procter &amp; Gamble</th>
</tr>
</thead>
<tbody>
<tr>
<td>Toothpaste with Fluoride</td>
<td>Colgate-Palmolive</td>
<td>Colgate-Palmolive-Procter &amp; Gamble</td>
<td>Palmolive-Colegate-Procter &amp; Gamble</td>
</tr>
<tr>
<td>Toothpaste with gel</td>
<td>Colgate-Palmolive-Procter &amp; Gamble</td>
<td>Colgate-Palmolive-Procter &amp; Gamble</td>
<td>Uniliver</td>
</tr>
<tr>
<td>Striped toothpaste</td>
<td>Beecham</td>
<td>Beecham</td>
<td></td>
</tr>
<tr>
<td>Smokers’ toothpaste</td>
<td>Topol</td>
<td>Topol</td>
<td></td>
</tr>
</tbody>
</table>

**Children/Teens Age 19-35 Age 36+ Customer Segmentation**
Actually, competition against Columbus s.a.r.l. is realized on two levels. The first level is that of other foreign suppliers. Product-market analysis and strategic competitive analysis (analysis of the group of firms following the same or different strategies for the target market) should highlight trends that may necessitate changes in company strategies. This analysis should include information about demand, customers, promotion industry and distribution effectiveness of the companies marketing rival products.

At the level of competition among foreign suppliers, Columbus s.a.r.l. is a passive observer. All marketing actions that its suppliers might take to counter any form of competition are delegated to it. Specialized expatriate messengers are periodically visiting Lebanon to ensure that these courses of action are implemented properly so as to achieve their desired objectives. Reports are submitted by Columbus s.a.r.l. on any change in the market that might frustrate the achievement of the projected goals, and the suppliers are expected to promptly suggest remedial courses of action so as to avoid any major pitfalls. This system works smoothly; it hinders any quick maneuvering ability that the company might consider to counter a competitor’s action in the national market.

As for local promotional efforts exerted by Columbus s.a.r.l., these are being instantly matched by similar efforts on the part of other local agents. The excessive advertisements in visual and audio media, the price wars for many products, such as toothpaste, soaps and shaving cream, the war for billboards, the special consumer and trade offers, and recently war shelf spaces in the supermarkets are all vivid examples of promotional tactics being utilized in the local arena.

These efforts are exerted by the competitors (agents) dealing with the following products, shown in Table 3-10:
<table>
<thead>
<tr>
<th>Agency name</th>
<th>Product name and description</th>
<th>Major Competitive products</th>
<th>Agent's name</th>
</tr>
</thead>
<tbody>
<tr>
<td>Uniliver</td>
<td>Lux (soap)</td>
<td>Camay</td>
<td>Transmediterranean</td>
</tr>
<tr>
<td></td>
<td>Lifebuoy (soap)</td>
<td>Fa</td>
<td>Obagi</td>
</tr>
<tr>
<td></td>
<td>Dove (soap)</td>
<td>Palmolive</td>
<td>Abu Adal</td>
</tr>
<tr>
<td></td>
<td>Zest</td>
<td>Tarmsmediterranean</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Lux (dishwashing liquid)</td>
<td>Fairy</td>
<td>Transmediterranean</td>
</tr>
<tr>
<td></td>
<td>Sunlight (dishwashing liquid)</td>
<td>Golden</td>
<td>Spartan</td>
</tr>
<tr>
<td></td>
<td>Vim (powder scorrer)</td>
<td>Ajax</td>
<td>Abu Adal</td>
</tr>
<tr>
<td></td>
<td>Jif (cream Scorrer)</td>
<td>Ajax Cream</td>
<td>Abu Adal</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Ajax Expert Bathroom</td>
<td>Abu Adal</td>
</tr>
<tr>
<td></td>
<td>Comfort (fabric softner)</td>
<td>Supline</td>
<td>Abu Adal</td>
</tr>
<tr>
<td></td>
<td>Gajoline (fabric softner)</td>
<td>*</td>
<td>*</td>
</tr>
<tr>
<td></td>
<td>Closeup (toothpaste)</td>
<td>Crest</td>
<td>Transmeditaranean</td>
</tr>
<tr>
<td></td>
<td>Mentadent (toothpaste)</td>
<td>Sensodine</td>
<td>Farmabel</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Colgate</td>
<td>Abu Adal</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Signal</td>
<td>Mukattaf</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Colynon</td>
<td>*</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Fluocaryl</td>
<td>*</td>
</tr>
<tr>
<td>Skip (liquid)</td>
<td>No Competitor</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Axe (deodorant)</td>
<td>Printil</td>
<td></td>
<td>Abu Adal</td>
</tr>
<tr>
<td>Impulse(deodorant)</td>
<td>OBBAO</td>
<td></td>
<td>Abu Adal</td>
</tr>
<tr>
<td>Hero(deodorant)</td>
<td>City</td>
<td></td>
<td>Abu Adal</td>
</tr>
<tr>
<td>Rexona(deodorant)</td>
<td>Oussoss</td>
<td></td>
<td>*</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Majnolia</td>
<td>*</td>
</tr>
</tbody>
</table>
Continued Table 3-10

<table>
<thead>
<tr>
<th>Agency name and description</th>
<th>Product name</th>
<th>Major Competitive Products</th>
<th>Agent’s name</th>
</tr>
</thead>
<tbody>
<tr>
<td>Domestos (detergent)</td>
<td>Ariel</td>
<td>Transmediterranean</td>
<td>Obaji</td>
</tr>
<tr>
<td>Skip (detergent)</td>
<td>Persil</td>
<td></td>
<td>Tabbara</td>
</tr>
<tr>
<td></td>
<td>Brinol</td>
<td></td>
<td>Obagi</td>
</tr>
<tr>
<td></td>
<td>Le Chat</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dove (cream)</td>
<td>Nivea</td>
<td>Sled</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Skinnet</td>
<td>Sarraf</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Vaseline</td>
<td>Fattal</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Oil of olay</td>
<td>Transmediterranean</td>
<td></td>
</tr>
<tr>
<td></td>
<td>J&amp;J</td>
<td>Columbus</td>
<td></td>
</tr>
<tr>
<td>Gillette</td>
<td>Shaving Cream</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Edge</td>
<td></td>
<td>*</td>
</tr>
<tr>
<td></td>
<td>Gips</td>
<td>Brynex</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Palmolive</td>
<td>Abu Adal</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Nivea</td>
<td>Sled</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contour</td>
<td>Shick</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(razors and blades)</td>
<td>Wilkinson</td>
<td>Fattal</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Bic</td>
<td>National Co. for Development</td>
<td></td>
</tr>
<tr>
<td>Blue II</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Nacet</td>
<td>no major competitor</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sensor</td>
<td>no competitor</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(razors and blades)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bristol Myers Squibb</td>
<td>Miss Clarrol (hair coloring)</td>
<td>Imedia</td>
<td>Sled</td>
</tr>
<tr>
<td></td>
<td>Loving care (hair coloring and protection)</td>
<td>Pecital</td>
<td>*</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Bellady</td>
<td>*</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Igora Royal</td>
<td>Abu Adal</td>
</tr>
<tr>
<td>Shampoo #</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Leave in Treatment #</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

#: Not yet introduced in the Lebanese market
Continued Table 3 -10

<table>
<thead>
<tr>
<th>Agency</th>
<th>Product name and description</th>
<th>Major Competitive Products</th>
<th>Agent's name</th>
</tr>
</thead>
<tbody>
<tr>
<td>Johnson and Johnson</td>
<td>Baby Shampoo</td>
<td>Pert Plus</td>
<td>Transmediterranean</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Dandy</td>
<td>(locally produced)</td>
</tr>
<tr>
<td></td>
<td>Baby Cream</td>
<td>Baby Seba Med</td>
<td>Abu Adal</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Swiss Formula</td>
<td>Primex</td>
</tr>
<tr>
<td></td>
<td>Baby Soap</td>
<td>Cussons</td>
<td>*</td>
</tr>
<tr>
<td></td>
<td>Baby Powder</td>
<td>Shop Right</td>
<td>Mukattaf</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Cussons</td>
<td>*</td>
</tr>
<tr>
<td></td>
<td>Baby Lotion</td>
<td>Carters</td>
<td>*</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Baby Toy</td>
<td>*</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Nescafe</td>
<td>Nestle'</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Baby Seba Med</td>
<td>Abu Adal</td>
</tr>
<tr>
<td></td>
<td>Bain Mousse</td>
<td>Klorane</td>
<td>*</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Nice'n Clean</td>
<td>Abu Adal</td>
</tr>
<tr>
<td></td>
<td>Wet Wipes</td>
<td>Classic</td>
<td>Mukattaf</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Baby Seba Med</td>
<td>Abu Adal</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Fresh Tex</td>
<td>*</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Nice'n Clean</td>
<td>Abu Adal</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Peaudouce</td>
<td>Farmabel</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Shoppers Choice</td>
<td>Farmabel</td>
</tr>
<tr>
<td></td>
<td>Pantyslips</td>
<td>Kotex</td>
<td>Transmediterranean</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Always</td>
<td>Transmediterranean</td>
</tr>
<tr>
<td></td>
<td>Band Aid</td>
<td>Multiadesif</td>
<td>*</td>
</tr>
</tbody>
</table>

As to the advertising and consumer and trade- oriented promotional efforts done by Columbus s.a.r.l.s. competitors, Columbus always monitors these activities either through its own sales team and merchandisers or through monitoring reports done by outside statistics and
census organizations, such as Stat and Mass. For example, the four units in Columbus s.a.r.l. periodically demand from Stat statistics company to prepare reports on competitive products' yearly turnover in terms of advertisements.

Table 3-11 which is taken from Stat shows excerpts of the January through September 1993 expenditures on advertisements for the different company and competitive products according to usage.

**Table 3-11**

*Stat Monitoring Reports (excerpts)*

*Products Yearly Turnover (Jan.1→Sept. 30,93)*

<table>
<thead>
<tr>
<th>Generic name</th>
<th>Product name</th>
<th>Medium Used</th>
<th>Advertising Expenditures</th>
<th>Share of Voice</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hair Color</td>
<td>Koleston</td>
<td>TV/Radio</td>
<td>$171,484</td>
<td>50%</td>
</tr>
<tr>
<td></td>
<td>Imedia</td>
<td>TV/Radio</td>
<td>78,133</td>
<td>22.8</td>
</tr>
<tr>
<td></td>
<td>Blondy</td>
<td>TV/Press</td>
<td>39485</td>
<td>11.5</td>
</tr>
<tr>
<td></td>
<td>Option</td>
<td>TV/Radio</td>
<td>16858</td>
<td>4.9</td>
</tr>
<tr>
<td></td>
<td>Igora Royal</td>
<td>TV/Press</td>
<td>16692</td>
<td>4.9</td>
</tr>
<tr>
<td></td>
<td>Color Touch</td>
<td>TV</td>
<td>13000</td>
<td>3.8</td>
</tr>
<tr>
<td></td>
<td>Ultress</td>
<td>TV</td>
<td>5500</td>
<td>1.6</td>
</tr>
<tr>
<td></td>
<td>Die Color</td>
<td>Press</td>
<td>1600</td>
<td>0.5</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td></td>
<td></td>
<td><strong>$342,752</strong></td>
<td></td>
</tr>
</tbody>
</table>

| Deodorant    | Axe          | TV          | $166,101                  | 21.7%          |
|              | City         | TV/Press    | 155,024                   | 20.2           |
|              | OE           | TV          | 96,250                    | 12.6           |
|              | FA           | TV/Radio    | 95,692                    | 12.5           |
|              | Rexona       | TV/Radio    | 53,250                    | 6.9            |
|              | Celcius      | TV/Press    | 46,850                    | 6.1            |
|              | Pento        | TV/Radio    | 46,550                    | 6.1            |
|              | Impulse      | TV/Radio    | 22,050                    | 2.9            |
|              | Limara       | TV          | 4,295                     | 0.6            |
| **TOTAL**    |              |             | **$766,851**              |                |
Continued Table 3-11

<table>
<thead>
<tr>
<th>Generic Name</th>
<th>Product Name</th>
<th>Medium Used</th>
<th>Advertising Expenditures</th>
<th>Share of Voice</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fabric</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Softner</td>
<td>Soupline</td>
<td>TV/Radio/Outdoor</td>
<td>$128,658</td>
<td>36.6%</td>
</tr>
<tr>
<td></td>
<td>Comfort</td>
<td>TV</td>
<td>95,725</td>
<td>27.2</td>
</tr>
<tr>
<td></td>
<td>Cajoline</td>
<td>TV</td>
<td>93,684</td>
<td>26.6</td>
</tr>
<tr>
<td></td>
<td>Woolite</td>
<td>TV</td>
<td>33,890</td>
<td>9.6</td>
</tr>
<tr>
<td>TOTAL</td>
<td></td>
<td></td>
<td>$351,957</td>
<td></td>
</tr>
<tr>
<td>Toothbrush</td>
<td>Jordan</td>
<td>TV/Press/Outdoor</td>
<td>$63,032</td>
<td>61.4%</td>
</tr>
<tr>
<td></td>
<td>Colgate</td>
<td>TV</td>
<td>21,850</td>
<td>21.3</td>
</tr>
<tr>
<td></td>
<td>Signal</td>
<td>TV</td>
<td>12,600</td>
<td>12.3</td>
</tr>
<tr>
<td></td>
<td>Soladey</td>
<td>TV</td>
<td>2,995</td>
<td>2.9</td>
</tr>
<tr>
<td></td>
<td>Water P.K.</td>
<td>Press</td>
<td>2,241</td>
<td>2.2</td>
</tr>
<tr>
<td>TOTAL</td>
<td></td>
<td></td>
<td>$102,718</td>
<td></td>
</tr>
<tr>
<td>Shaving Cream</td>
<td>Gibbs Sport</td>
<td>TV</td>
<td>16,965</td>
<td>58.3%</td>
</tr>
<tr>
<td></td>
<td>Mennen</td>
<td>TV</td>
<td>7,560</td>
<td>26.0</td>
</tr>
<tr>
<td></td>
<td>Ghada</td>
<td>Radio</td>
<td>4,588</td>
<td>15.8</td>
</tr>
<tr>
<td>TOTAL</td>
<td></td>
<td></td>
<td>$29,113</td>
<td></td>
</tr>
<tr>
<td>Toothpaste</td>
<td>Crest</td>
<td>TV</td>
<td>$301,317</td>
<td>36.3%</td>
</tr>
<tr>
<td></td>
<td>Sensodyne</td>
<td>TV</td>
<td>106,500</td>
<td>12.8</td>
</tr>
<tr>
<td></td>
<td>Signal 2</td>
<td>TV</td>
<td>101,075</td>
<td>12.2</td>
</tr>
<tr>
<td></td>
<td>Mentadent</td>
<td>TV/Press/Outdoor</td>
<td>90,004</td>
<td>10.9</td>
</tr>
<tr>
<td></td>
<td>Close Up</td>
<td>TV</td>
<td>83,180</td>
<td>10</td>
</tr>
<tr>
<td></td>
<td>Colgate</td>
<td>TV</td>
<td>46,125</td>
<td>5.6</td>
</tr>
<tr>
<td></td>
<td>Kolynos</td>
<td>TV</td>
<td>37900</td>
<td>4.6</td>
</tr>
</tbody>
</table>
Continued Table 3-11

<table>
<thead>
<tr>
<th>Generic</th>
<th>Product Name</th>
<th>Medium Used</th>
<th>Advertising Expenditure</th>
<th>Share of Voice</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Parocynyl</td>
<td>TV</td>
<td>$32,443</td>
<td>3.9</td>
</tr>
<tr>
<td></td>
<td>Qualy Meswak</td>
<td>TV</td>
<td>30,576</td>
<td>3.7</td>
</tr>
<tr>
<td>TOTAL</td>
<td></td>
<td></td>
<td>$829,120</td>
<td></td>
</tr>
<tr>
<td>Washing detergent</td>
<td>Yes</td>
<td>TV</td>
<td>$288,978</td>
<td>49%</td>
</tr>
<tr>
<td></td>
<td>Bianco</td>
<td>TV</td>
<td>133,836</td>
<td>22.7</td>
</tr>
<tr>
<td></td>
<td>Perlex</td>
<td>TV</td>
<td>128,526</td>
<td>21.8</td>
</tr>
<tr>
<td></td>
<td>Wipp Express</td>
<td>Radio</td>
<td>28,186</td>
<td>4.8</td>
</tr>
<tr>
<td></td>
<td>Ajib</td>
<td>TV</td>
<td>10,604</td>
<td>1.8</td>
</tr>
<tr>
<td>TOTAL</td>
<td></td>
<td></td>
<td>$590,129</td>
<td></td>
</tr>
</tbody>
</table>

If a comparison is made between these figures (Jan.1→Sept. 30,1993) with those of (Jan.1→Sept-30,1992), we find that advertising expenditures have steadily increased because of the great importance of media, intensified competition and the increase in substitute products.

Furthermore, Columbus s.a.r.l., as Mr. Athanasieu states, always monitors the activities of the agencies which market these products and tries to keep a competitive edge over them. In so doing, it can be quick in countering every effort in order not to be left behind.

In conclusion, the competitive forces and trends influence the company and the relevant markets creating both opportunities for and threats to it; Columbus s.a.r.l. must develop the primary approaches for analyzing competition since this is an important ingredient of strategic management. This analysis process must include identification, description, and evaluation of competitors by developing techniques for obtaining a competitive intelligence system. However, the company must adopt this system in a cost effective method. As far as Columbus s.a.r.l. is
concerned, it would be too costly to set up a formal competitive intelligence system; a beneficial system would be to employ qualified executives to monitor the activities of the important rivals. For example, "a manager who used to work for a competitor would closely follow all developments connected with that competitor; he or she would be the in-house expert on that competitor." In this way, any unit manager who wants information about the thinking and practice of any competitor would contact the in-house expert.
Endnotes

1. Mr. Yenni Athanasiou, managing director of Columbus s.a.r.l., interviewed by author, 3 November 1993, Beirut.

2. Mrs. May Fayyad, Unit manager of Bristol Myers Squibb at Columbus s.a.r.l., interviewed by author, 9 November, 1993, Beirut.

3. Mr. Georges Nehme, unit manager of Johnson and Johnson at Columbus s.a.r.l. interviewed by author, 12 November, 1993, Beirut.


5. Mrs. May Fayyad, unit manager of Bristol Myers Squibb at Columbus s.a.r.l., interviewed by author, 9 November, 1993, Beirut.

6. Mr. Nabil Iskandar, Human Resources Manager at Fattal Holding s.a.l., interviewed by author, 28 October 1993, Beirut.


8. ibid., p.3.


11. Mr. Jihad Mneimneh, unit manager of Uniliver at Columbus s.a.r.l. interviewed by author, 14 November, 1993, Beirut.


Chapter 4

The Marketing Activities at Columbus s.a.r.l.

Firms need new concepts on how to organize their business and marketing functions in response to significant changes in the environment. Advances in telecommunications and technology, intense competition, increasing buyer sophistication, the growing importance of consumer offers, and several other forces are requiring firms to reconsider how to organize their business.

The marketing activities give deep insight into the purpose of the company's existence and the value it is creating in the market through its mission, marketing objectives and strategies, business development programs, and how well these are carried out to attain the company's goals. The marketing activities reveal the sufficient information on these issues which are broken down into six:

A. The mission of Columbus s.a.r.l.
B. Internal and external environmental analysis
C. The current marketing situation
D. Objectives of Columbus s.a.r.l.
E. The marketing strategy
F. The business development programs

Theoretically, all this makes sense and is bound to help the organization in its endeavor to accomplish its objectives, However, if this is not coupled with well-coordinated efforts and a sense of team work, it will all serve as shelf material that needs to be dusted now and then. Every action that Columbus s.a.r.l. is going to take must be in conformity with this team work spirit. Otherwise, the system will fail to achieve its desired objectives.
Management must seize the essence of the marketing concept, and ensure that all its activities are interrelated. For this purpose, marketing programs are designed by company executives around four major components of the marketing mix: products to be sold, pricing, promotion, and physical distribution. The mission of any profit making firm is carried out via the marketing mix tools. Therefore, the marketing mix elements are the guidelines for the company's operations.

A. The Mission

The Employee Guide of Khalil Fattal And Fils and s.a.l. and the Values, Commitments, and Beliefs booklet of Fattal Holding s.a.l. state the corporate mission as follows:

"We are a market oriented company, specialized in the distribution and marketing of branded products. Our aim is to make available to the consumer products distinguished by a stable and reliable quality, thus generating consumer confidence and loyalty.

In order to achieve our aim, we continually try to understand and meet the customer’s actual needs and to anticipate future trends. We do not generally deal directly with the end consumers. Our products reach them through retailers. Wholesalers and retailers are our customers and we are dedicated to providing our customers, whoever they may be, with accurate, courteous and prompt services."\(^1\)

In addition, "we are committed to safeguarding, developing, and ensuring the continuity of our company’s heritage; and, financially, we are responsible towards providing our shareholders with a fair return on their equity."\(^2\)

As far as Fattal Holding is concerned, the stated mission of the corporation is shared by all the constituent units or sister companies for a number of reasons. They are:

1) All the strategic business units market and distribute household and/or consumer goods which implies that all these units are in similar domains. They share the same basic aim— to provide time and place utilities of branded products, differentiated by a reliable quality and a distinctive display to the ultimate consumer.
2) The corporate mission acts as the invisible hand that guides widely dispersed employees to work independently and yet collectively toward realizing the organization's goals.

3) In developing to become one of the nation's largest marketing and distribution firms, K.E.F. has always sought to honor the ambitions and aspirations of its founder. His dedication was perpetuated through his sons, Jean and Michel, at first, and later through his grandsons. Now, the process of developing and adapting to the environment is still continuing in the same spirit for all the sister companies with the same zeal through Bernard, the grandson, and his decentralization scheme.3

B. Opportunity and Issue Analysis

This section addresses the main strengths / weaknesses and opportunities/ threats facing Columbus s.a.r.l.

1. Internal Environment Analysis (Strengths / weaknesses Analysis)

It is one thing to discern attractive opportunities (to be discussed in the next section) in the environment; it is another to have the necessary competencies to succeed in these opportunities. Each business needs to evaluate its strengths and weaknesses periodically- the thing which Columbus does on a monthly basis, as Mr. Athanasiou, managing director at Columbus s.a.r.l. states.

Based on interviews with company officials and executives working for the suppliers of Columbus, market information, and personal observations, the following is a list of the major strengths of Columbus s.a.r.l.:

1. Columbus, since the end of the war, has almost constantly achieved its target sales with variations not exceeding 15% - a permissible figure. This has led Columbus to avoid over-stock and out-of- stock problems which usually shake the reputation of a firm in the market place. Although informal, the marketing information system along with marketing and market studies and plans conducted for Columbus s.a.r.l. or its sister companies greatly help the unit managers at Columbus to scientifically
prepare the marketing plan and consequently determine the target sales and profit figures.

2. Each unit / brand has its manager, supervisor, and sales team. That is, all the unit's employees solely concentrate on the marketing and selling of the particular brand's product lines.

3. Columbus believes in marketing, both conceptually and functionally. In fact, it, along with its sister companies, are among the few agents who provide their suppliers with a suggested marketing plan. Then, the mother company comments and discusses the plan with the unit manager concerned and compares it with its own marketing plan.

4. The fact that Fattal is a Holding (i.e., group of companies) creates a lot of competition from within. Each managing director and his corresponding marketing unit try to outperform other constituent companies that form Fattal Holding s.a.l.. The company with the best display, distribution, and interpersonal skills receives bonuses for its employees.

5. Employees at Fattal are very well-trained and motivated; Fattal is rated as the best in the Middle East when it comes to training as Mr. Nassar, area manager for Lower Gulf at Gillette declares ⁴. The result is that Fattal enjoys the lowest employee turnover rate. The ancienne of the sales force at Fattal Holding's sister companies is due to:
   a) Above average financial packages.
   b) Financial surprises subject to performance
   c) Pleasant atmosphere inside the company and within the companies
   d) Job promotions depending on productivity and time spent in the job.
   e) Other fringe benefits, such as insurance policies from Assurex s.a.r.l. (subsidiary of K.F.F.). Fattal is the first national company in Lebanon to offer pension plans, introduced in 1992, for its medium and top level employees.

6. Columbus has a very disciplined sales force. In addition to prompt training and supervision, the sales personnel have solid
communication skills with the customers at the wholesale and retail levels. Their aggressiveness in sales, complemented by their acquaintance with all the aspects of the marketing mix elements gives them a distinctive edge. Moreover, they are loyal to their work; this is measured through their following of the daily route cycle and the proper daily reporting.

7. Columbus has an efficient computer information system. Through the computer, it has access to the following data or information.

a) Marketing plans sent by the suppliers and those that are conducted in-house.
b) Macroenvironmental issues
c) Sales by subagent
d) Sales by retail outlet
e) Sales by geographical area
f) Inventory of Columbus products at subagents' warehouses
g) Sales by product and product size
h) Productivity of every salesman in terms of sales orders filled
i) Absenteeism rate of every lower and middle ranked employee
j) Job description of every medium and low level employee

8. The fact that Columbus is a member of Fattal Holding, the biggest distributor in Lebanon by far, provides it with a strong leverage in the market.

9. Its ability to recognize environmental opportunities and threats and its speedy response to changing conditions and trends. This is actualized through:

a) Experienced and intelligent employees
b) Continuous positive interaction with subagents, members of the marketplace, and colleagues in the other companies.
c) The marketing intelligence systems, although informal, shares macroenvironmental information between the sister companies.
d) The marketing and market research studies which are conducted on frequent basis whether conducted in-house, by outside agencies, or by the supplying corporations.
10. Its ability to satisfy consumer needs and wants through:
   a) Place and time utilities of products
   b) Marketing research and consumer buying behavior studies

11. Its ability to bargain with suppliers, customers (especially the subagents), and media establishments. Because of its long standing reputation and efficient operations, it has a strong positive edge in negotiations and bargaining. For example, it pays one sixth of the list price for TV spots on LBC.

12. Columbus' ability to handle a large product mix without negatively affecting any of the products under its auspices. All the products distributed by Columbus receive the attention they deserve, i.e., according to certain fixed criteria.

13. Besides being a member of Fattal group, Columbus has built an excellent image in the market. The firm is well-known and highly regarded for its efficiency and honesty.

14. The flat structure of management and communications between the managers and their subordinates; this enriches the capabilities and lowers the frustrations of the employees.

15. The existence of an efficient channel of distribution across the Lebanese territories with the ability to meet demand levels and to deliver on time.

16. The financial ability to cover its marketing programs. Its financial position is strong and, in addition, the Holding Company has a sound cash management which, in case of necessity, backs Columbus with any necessary free of charge funds.

17. The existence of suppliers who supply the firm with first class quality products. The four companies—Gillette, Uniliver, Bristol Myers Squibb, and Johnson & Johnson—have excellent reputed products on the global scene. Therefore, a major part of Columbus' malodorous reputation comes from the goodwill of its suppliers. The end user appreciates the
products' tastes and features before their availability at the right time and place.

18. Application of modern marketing tools. Columbus thinks that creativity in marketing gives it a competitive edge over its competitors some of whom are still traditional in that they understand marketing as an element of sales. This is a major marketing fallacy. Such tools mainly include creative promotional tools, some of which are provided by the suppliers. Examples are:

a) Look alike contest by Johnson and Johnson
b) House gatherings for Miss Clairol and Skip
c) Original audiovisual advertisements

Contrarily, the following list identifies the major weaknesses of Columbus s.a.r.l. The same source of information for assessing the strengths of Columbus is used in order to restore compatibility in both arguments:

1. Although professional, the number of salesmen at each unit are relatively few. That is why each salesman does not pass by the retail outlet more than once per week. This causes loss of sales in some cases, especially when the retail outlet is new and the salesman responsible for the region in which it is located does not know the sales level for his portfolio products. Columbus should not depend on its subagnets' employess to fill sales orders due to the following reasons:

a) Although strong coordination exists between Columbus and its subagents, the subagents sales force is not directed and managed by Columbus.

b) Although very efficient in mass distribution, the sales force at the different subagents is not well-motivated.

c) The sales force of the subagents usually carries different product lines. Therefore, it may not be well acquatinted with Columbus products' distinctive features and market positions.
d) The suppliers of Columbus aid it in providing sales seminars for the sales force. For instance, some seminars help the salesmen in persuading the retail outlets to buy right quantities of the firm's products. In addition, the salesmen are taught how to communicate with the different categories of retail outlets (i.e., Consumer cooperatives, groceries and mini markets, ... etc.). No similar training is given to the subagents' sales force.

2. Some employees at Columbus are both marketing and sales people at the same time. Examples are the supervisors who are directly below the unit managers. Professionally speaking, some employees possess qualities that qualify them for sales or marketing-oriented jobs. Hence, mixing both domains is unfavorable because the abilities and preferences of employees differ. The primary problem lies in the recruitment process and, afterwards, the job description given to the employed person by his managing director where sales and marketing jobs are mixed in the description format.

3. There are low incentive elements for the employees—mainly the marketing and sales ones. There is no commission on sales whatsoever. Instead, all employees of a strategic business unit are granted two to four monthly salary bonuses, depending on the financial performance (in terms of profit) and marketing performance (in terms of display and distribution). The disadvantage of this system is that all the employees are granted the bonus without any discrimination based on productivity and hard work. This situation degrades those who are more responsible for increasing sales and market shares.

4. People in the trade (mainly competitors and retailers) describe them as being arrogant probably because they are the leaders and are self-sufficient from many perspectives.

5. There is no strong integration with retailers. That is, there is no delay in credit except in exceptional cases, and no payments to retailers for shelf space which is a disadvantage in the short-run. However, the retailers who represent the active link between the company and the consumer are fairly compensated and are offered the basic promotional offers which will be discussed later in this chapter.
6. Columbus s.a.r.l. is not very strong in trade-oriented sales promotions because its activities and concerns are to satisfy the end users' needs and wants. Columbus' philosophy is that the retailers are company partners and in its relation with them, it treats them on this basis. That is to say, most of the promotional activities introduced by the firm are directed towards the final consumer.

7. The research studies administered by Columbus about consumer behavior are descriptive rather than analytical. In the times of consumer age, detailed information about consumer behavior is required for the firms who successfully want to step into the twenty-first century. Therefore, Columbus should perform more in-house research and demand that its advertising agencies be more cautious about it, the key to success is understanding the consumer buying behavior. However the suppliers recompense for this issue since they outperform Columbus s.a.r.l. in behavior studies about their target markets.

8. The merchandising and promotion team is the same for all the four units. It is, however, preferable to have divergent teams for each unit for a number of reasons, the most important of which is that each unit has its promotion tools, some of which may be unlike the tools exercised by the other units. In addition, the time constraint may lead the merchandisers to allocate their work duration unoptimally.

In examining the pattern of its strengths and weaknesses, Columbus does not have to correct all of its weaknesses; some are unimportant, such as the third and sixth stated weaknesses. It should also not gloat about all of its strengths, (for again, some are unimportant). The main question is whether the business should limit itself to those opportunities for which it now possesses the required strengths or whether it should consider possibly better opportunities whereby it might have to acquire or develop certain strengths.
2. **External Environment Analysis (Opportunity and Threat Analysis)**

One of the core tasks facing Columbus' marketing management is to analyze the long-term opportunities and the probable threats in the Lebanese market in order to improve its performance as a sister company of Fattal Holding s.a.l. From certain perspectives, the managers at Columbus recognize the decreasing abundance of opportunities in the household and personal care products' market. The reasons for this situation can be summarized as follows:

1. As it was before the escalation of violence, the Lebanese economy is regaining its service structure. That implies that this country is neither an industrial one nor a technological initiator. Accordingly, the business sectors that are prospering include:
   a) The civilian construction sector
   b) The financial services sector
   c) The tourist sector i.e. hotels, furnished and non-furnished apartments ... etc.
   d) The food and beverage sector including the consumer market as well as restaurants, pubs, and night clubs
   e) The household and personal care sector
   f) The consumer electronics sector

   After the stabilization of the political and economic situation, these sectors became very attractive for commercial companies and entrepreneurs. As a result, competition became intense in these fields. Concerning Columbus, competition remarkably accelerated, causing adjustments to the marketing strategy and the tactical programs regarding the marketing mix elements.

Working within this atmosphere has pushed Columbus' management to give additional attention to opportunities and threats that might face it. A good deal of future success depends on positively capturing a part of the opportunities before the rivals do and taking corrective actions to surpass the threats that might face the firm.
2. The results of the war are multi-dimensional: among them is an economic one. For Columbus along with the other Fattal group of companies, the two basic dimensions were:

a) The sharp decrease in the purchasing power measured in terms of the disposable income of the Lebanese household.

b) The shrinkage of the middle socioeconomic class. Most of the people within this class who lost their positions have become poorer due to the galloping inflation of eight successive years.

This following are the major opportunities facing Columbus s.ar.l, identified in order of attractiveness, so that the more important ones receive special attention.

1. Peace and stability in Lebanon. This has led consumers, on average, to spend more. Moreover, many retail outlets have inaugurated after the termination of war. This has resulted in the final users’ increased exposure to the firm’s products. Increased competition among the retailers has also led them to focus on better shelving and display.

On the other hand, peace will, in the intermediate and long run, enhance tourism in Lebanon. Therefore, the tourists who will visit this country are already well-acquainted with Columbus' products.

2. Fattal’s reputation is so strong that some suppliers who assigned the marketing and distribution functions of their products to other agents are reevaluating the agreements and thinking of dedicating these functions to one of Fattal Holding’s constituent companies. For example, recently, Spinney’s s.ar.l. and Geadah Bros. have lost their agencies of Kraft and General Foods respectively to IPF- International Premier Foods- one of Fattal Holding's companies. Accordingly, the managing director of Columbus is traveling every now and then to discuss with some mother
companies the incremental benefits that would accrue for them in case of granting the agencies to Columbus s.a.r.l.

3. In Lebanon, no supermarkets exist in the professional sense. This is assured by business executives who work for Fattal's suppliers as well as knowledgeable individuals in the market place. During his visit to Lebanon in May 1993, the area manager for the Middle East at Spinney's Ltd. was astonished to find out that no professional and comprehensive supermarkets exist in Lebanon. This situation creates an opportunity for those firms and individuals who have the sufficient capital and entrepreneurial spirit to inaugurate a genuine supermarket(s).

In a country such as Lebanon with relatively high sales of consumer and household commodities, the retail business is a very attractive one. Consequently, Fattal has decided to fill the "supermarket" gap by opening supermarkets in Lebanon that meet international standards. The first one will be in Horj Tabet with Albert Abella Company as an equal partner due to its solid experience in retailing in the Gulf region. The second one will most probably be in Ras Beirut. The long term plan is to open a big chain of supermarkets in the various Lebanese regions.

4. The existence of customers who respond to the firm's advertising and promotion offers and are loyal to its products. This point implies the following: The Lebanese society, in general, is greatly influenced by the media and promotional tools. As such, the Lebanese consumers are attentive to advertisements and promotional efforts launched by the different establishments. In conjunction, the suppliers of Columbus' brands in collaboration with it are pioneers in advertising and promotion in addition to the mere fact that their brands have excellent reputations, the fact which increases the loyalty and communication ties between the consumer and these brands.

5. The great chance that the Middle East peace process will yield fruitful results which means that, in case of success, the economic situation will recover or even boom. On the other hand, there will be a lot of commuting among the neighboring countries' inhabitants for business and touristic purposes. Again, Columbus' products are well known in the regional countries and, in case of an economic boom, sales will be
enhanced as far as the local market is concerned. Furthermore, if the desired results are achieved, this will open new doors for the strategic business units constituting Fattal Holding s.a.l. to conduct business with other regional countries such as Syria and Jordan.

6. The prospects for an increased number of incoming great amounts of immigrants. This will also appreciate the sales volume of Columbus and expand the number of target market members.

7. The willingness of Lebanese consumers to try every new product in the market. That is one of the reasons which encourages top management at Fattal Holding s.a.l. to acquire product lines of existing and novel agencies.

Those opportunities were classified with the consent of the managing director and the unit managers at Columbus according to their attractiveness and probability of success the company would have with each opportunity. The company's success probability with a particular opportunity depends on whether its distinctive competencies match the key success requirements for operating in the target market, and in some cases, whether they exceed those of its competitors.

As far as Columbus is concerned, the threats facing it are limited and are shared by all the firms in the same field. The bundle of threats include the following: (they are classified in order of their seriousness and probability of occurrence):

1. The availability of a large number of competitive (substitute) products, some of which offer more or less compatible quality standards. In the past two years, a large number of competitive products have been launched into the Lebanese market targeting almost all the niches of the target market. Columbus should pay increasing attention to monitoring its current and potential competitors. It can expect such surprise moves from its rivals as sudden price cuts, improved products, and new selling and promotion methods, all of which might cut its market share. In addition, Columbus from time to time initiates some surprise moves of its own, in which case it needs to anticipate how its competitors will respond.
2. In correlation with the former threat, the price wars are becoming more intense since the firms eating from the pie are increasing. Therefore, the pricing concern is becoming more delicate because Columbus' aim is to preserve or increase the market share figures of its products.

3. For approximately two years, the government has decided to cancel the law of exclusive importing of necessity brands. For Columbus, this was unfortunate since its products were considered necessity items. On the other hand, this law has played a positive role because:

a) More serious coordination between the mother companies and the exclusive distributors in the Middle East countries concerning the wholesale prices of the goods. This will lead to deterring those companies, other than the authorized agents, from exporting and importing the suppliers' brand in these countries.

b) At the wholesale level, the subagents avoid purchasing from any firm other than Columbus as far as Johnson and Johnson, Uniliver, Bristol Myres Squibb, and Gillette goods are concerned. Their long history with Columbus has built a relationship of trust and confidence.

c) At the retail level, retail outlets, whether small, medium, or big sized, do not favour buying the products distributed by Columbus from any other establishment because:
   i) Columbus imports fresh products.
   ii) It does not cheat in any way.
   iii) In case of valid reasons for retail overstocking, it returns the products and compensates their value to the retailer. This is called exit fess or deslotting allowances.
   iv) It returns and exchanges malfunctioning and partially destroyed items from the vendors' shelves and warehouses.

4) The great possibility of voiding the so-called U.S. customs dollar. Now the U.S. Customs dollar is quoted at 800 L.L. In case of cancelling this subsidy, the import duties will slightly increase more than double.
C. The Current Marketing Situation

"Eager for discovery, avid for invention, athirst for innovation, our first priority is to provide our customers only with the very best products that meet their requirements. This is why a detailed research on each product is fundamental, preceding a collective decision to market it." Market share: If it goes up, the company is gaining on competitors; if it goes down, the company is losing relative to its competitors. This section reveals the current marketing situation with an emphasis on the products' or product lines' market shares for each of Columbus' four units.

Uniliver Unit

When the high management of Uniliver visited Lebanon in December 1992, it was decided with Columbus' collaboration to invest aggressively in market share. Consequently, its sales volume in 1993 showed a remarkable increase of 45% over 1992. This is also partially the result of such marketing tactical programs as:

1. House gatherings: Because house gatherings have proved to be one of the most efficient promotional activities to new products, Columbus has appointed special persons within its promotion team to run this kind of promotion. A direct feedback assessment followed five days to ensure complete customer satisfaction and reaction to comments.

2. Visiting the specialists: Dentists, dermatologists, and pediatricians were visited by the promotion team. A generous number of samples was offered free to these specialists so as to try them on patients.

Columbus has and will always import multi-use products that offer a competitive plus over the competition. In 1993, new brands were introduced on the market:

a) Lux: First international soap manufactured for all types of skin
b) Domestos: An exclusive multi-surface and germ-free cleaner
c) Jif Universal: A multi-surface and glass cleaner
The following table shows the overall market share figures of Uniliver products in Lebanon for 1992 and 1993.

**Table 4.1**  
**Market Share Figures for Uniliver Products in Lebanon**

<table>
<thead>
<tr>
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<tbody>
<tr>
<td>Lux(soap)</td>
<td>15%</td>
<td>16%</td>
</tr>
<tr>
<td>Lifebuoy(soap)</td>
<td>6%</td>
<td>8%</td>
</tr>
<tr>
<td>Dove(soap)</td>
<td>1%</td>
<td>2%</td>
</tr>
<tr>
<td>Lux Liquid(dishwashing detergent)</td>
<td>5%</td>
<td>7%</td>
</tr>
<tr>
<td>Sun Light(dishwashing detergent)</td>
<td>5%</td>
<td>4%</td>
</tr>
<tr>
<td>Vim(powder scooper)</td>
<td>9%</td>
<td>11%</td>
</tr>
<tr>
<td>Jif(cream scooper)</td>
<td>18%</td>
<td>19%</td>
</tr>
<tr>
<td>Comfort(fabric softner)</td>
<td>42%</td>
<td>44%</td>
</tr>
<tr>
<td>Cajoline(fabric softner)</td>
<td>3%</td>
<td>3%</td>
</tr>
<tr>
<td>Skip(liquid detergent)</td>
<td>n.a.</td>
<td>n.a.</td>
</tr>
<tr>
<td>Mentadent(toothpaste)</td>
<td>4%</td>
<td>5%</td>
</tr>
<tr>
<td>CloseUp(toothpaste)</td>
<td>12%</td>
<td>13%</td>
</tr>
<tr>
<td>Axe(deodorant)</td>
<td>10%</td>
<td>12%</td>
</tr>
<tr>
<td>Impulse(deodorant)</td>
<td>5%</td>
<td>5%</td>
</tr>
<tr>
<td>Hero(deodorant)</td>
<td>1%</td>
<td>1%</td>
</tr>
<tr>
<td>Rexona(deodorant)</td>
<td>4%</td>
<td>4%</td>
</tr>
</tbody>
</table>

Note: 1) These figures are rounded to the nearest one.  
2) n.a.: Skip detergent has no direct competitors.

**Source:** Uniliver Unit, Columbus s.a.r.l.

**Johnson and Johnson Unit**

Best for babies and adults... but also best for Columbus. Through Johnson & Johnson product lines, excellent performances were realized in
1993. The most significant ones are the Carefree Panty Liners and the Oral Hygiene range, whose sales have respectively increased by 50% and 60% over 1992.

Johnson and Johnson's excellent performance is also due to the intensification of its below-the-line promotional activities at hospitals, nurseries, and pediatricians - by introducing the whole J&J product lines.

Moreover, two remarkable events should be mentioned. First, the sponsoring of the American University Hospital conference under the theme "The Importance of Breast Feeding" and the unique "Look alike" contest which offered the consumer a visit to Paris along with his family if HIS child looks like HIM.

Other products (sun protection, cloth wipes and liquid soap) were also introduced and displayed through special exhibitions (Chouf, Sidon, Zahle', Ain Sa'ade, Sin El Fil, and Kaslik). All of the promotional activities will be discussed in the final section of this chapter.

Table 2.4 states the overall market share figures of Johnson and Johnson product lines in Lebanon against those of the competitors for 1992 and 1993.

<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td>Baby shampoo</td>
<td>72%</td>
<td>75%</td>
</tr>
<tr>
<td>All lotion</td>
<td>38%</td>
<td>40%</td>
</tr>
<tr>
<td>Band Aid</td>
<td>75%</td>
<td>72%</td>
</tr>
<tr>
<td>Baby powder</td>
<td>20%</td>
<td>21%</td>
</tr>
<tr>
<td>Baby soap</td>
<td>70%</td>
<td>70%</td>
</tr>
<tr>
<td>All cream</td>
<td>3%</td>
<td>4%</td>
</tr>
<tr>
<td>Baby cream</td>
<td>58%</td>
<td>61%</td>
</tr>
<tr>
<td>Baby powder</td>
<td>64%</td>
<td>65%</td>
</tr>
<tr>
<td>Baby oil</td>
<td>54%</td>
<td>54%</td>
</tr>
</tbody>
</table>
Note: These figures are rounded to the nearest one.

Source: Johnson and Johnson Unit, Columbus s.a.r.l.

**Gillette Unit**

For Gillette, figures can tell. As it possesses an approximate 90% overall market share in the system range, below is a comparative table showing the consumers' shift towards Sensor, Gillette's latest breakthrough.

<table>
<thead>
<tr>
<th></th>
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<th></th>
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</thead>
<tbody>
<tr>
<td>G II</td>
<td>49%</td>
<td>51%</td>
<td>39%</td>
</tr>
<tr>
<td>Contour</td>
<td>51%</td>
<td>28%</td>
<td>27%</td>
</tr>
<tr>
<td>Sensor</td>
<td>-----</td>
<td>21%</td>
<td>34%</td>
</tr>
<tr>
<td></td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
</tbody>
</table>

Source: Gillette Unit, Columbus s.a.r.l.

Table 4.4 depicts the overall market share figures of Gillette product lines in Lebanon to those of the competitors for 1992 and 1993.
Table 4.4
Market Share Figures for Gillette Product Lines in Lebanon

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Shaving cream</td>
<td>9%</td>
<td>19%</td>
</tr>
<tr>
<td>Shaving foams &amp; gel</td>
<td>28%</td>
<td>32%</td>
</tr>
<tr>
<td>System razors &amp; blades</td>
<td>82%</td>
<td>88%</td>
</tr>
<tr>
<td>Disposable razors (Blue II)</td>
<td>33%</td>
<td>35%</td>
</tr>
<tr>
<td>Double edge blades (Nacet)</td>
<td>50%</td>
<td>50%</td>
</tr>
<tr>
<td>Shaving brush</td>
<td>negligible</td>
<td>negligible</td>
</tr>
</tbody>
</table>

Note: These figures are rounded to the nearest one.
Source: Gillette Unit, Columbus s.a.r.l.

However, one of Gillette's primary worldwide objectives is to upgrade its consumers through its technological breakthroughs. This has yielded fruitful results in Lebanon.

Bristol Myers Squibb Unit

Currently, Bristol Myers Squibb's products sold in Lebanon belong to Clairol and Loving Care product lines. Clairol's product qualities and superiority have led it to fetch for unexploited market opportunities through reliance on research. Loving Care, the first retail non-permanent hair coloring, was launched in 1992 to achieve 4% market share in six months. In 1993, the overall market share rose by 1%. Two major brands are in the agenda, catering again to unexploited segments, again ahead of competitors.

Apart from new introductions, Clairol's global share increase is credited to the consolidation of its base with the Miss Clairol product whose overall market share increased from 3% in 1992 to 7% in 1993. How?
As 28% of the purchases are done through pharmacies, a special task force was deployed to monitor distribution to the latter category. As 25% of market volume is allocated to the South region, efforts were intensified to exploit the region's potential. When internal research revealed a space problem in outlets, 10% of the A&P (advertising and promotion) budget was allocated to a tailored merchandising program. As the package/label revealed weaknesses, all labels and instructions material were translated into the local language. The efforts involved all the marketing mix variables, from labeling to strategic repositioning.

Finally, as "maxi" marketing is one of this era's ingredients of success, a direct communication service was installed to get closer to our actual and potential consumers, to be followed by a whole Technical Consultation Center to back up both the existing products and the forthcoming professional line.

In conclusion, Columbus is proud of its Clairol's achievements and is certainly proud to announce that some of its advertising and promotion work done was requested from the mother company for use in other Middle East countries.

D. Objectives of Columbus s.a.r.l.

Fattal Holding s.a.l. has a multi-level strategic management process. The cycle of events goes as follows:

- The Board of Directors determines the corporate philosophy, mission, objectives, and strategy of the organization as a whole as well as the guidelines for each of the companies or Strategic Business Units.
- Each company within the Holding company then does its own strategic planning with the coordination of its suppliers.
- The Board of Directors then reviews and approves the strategic plans of each business unit or SBU.
Each company within Fattal Holding s.a.l. then moves, in conjunction with its suppliers, to develop marketing strategic plans. In addition, financial objectives are developed by each company.

After the development of strategic plans for each of the functional areas of the individual firms, these SBUs then develop budgets. As far as Columbus s.a.r.l. is concerned, its multinational suppliers greatly assist it in the advertising and promotion budgets.

The objectives of each company within Fattal Holding result from the interaction and analysis of the following factors:

1. Macroenvironmental scanning and assessment
2. Microenvironmental analysis
3. Internal organizational analysis

Theoretically, company objectives specify the results that are desired in pursuing the organization’s mission.

As far as Columbus s.a.r.l. is concerned, its short as well as long-term objectives can be summarized as follows.

1. **Increased Profitability.** This goal is pursued at two levels: a sales level and a financial one. Sales growth is achieved through formulating and properly implementing optimal marketing objectives and strategies by Columbus s.a.r.l. At the second level, increasing the return on investment is achieved by Columbus through:
   a) Increasing revenues - i.e. sales increase and market share improvement.
   b) Cut back costs - this is attained in two ways. The first one calls for reducing fixed costs via centralization of overhead costs and the existence of an accounting department for every company within the Holding organization. The second mode is used in parallel with the first one; it addresses the variable costs - reducing them and canceling the commission on sales and decreasing the promotion budget for the trade as well as other costs that are not projected to the end user such as bribery for shelf space.
2. **Keeping up the good reputation.** This is fulfilled through delivering courteous and prompt services to customers and ensuring continuous place and time utilities to the target market on the one hand. On the other hand, Columbus along with its sister companies in the holding company serves its community. For instance, to express the Fattal Group commitment to the Lebanese society, Fattal personnel have answered the appeal of C.E.O. Bernard Fattal in August 1993 by raising funds to restore a school in an area which was demolished by war, and to which the displaced population is returning. Another vivid example is sponsoring by the Johnson and Johnson Unit of the American University Hospital conference under the title "The Importance of Breast Feeding."

In addition, Columbus enhances its reputation through professional internal organization. Furthermore, the holding company aids in this domain through launching projects to increase the efficiency of the businesses.

3. **Creating Innovation.** 1993 witnessed two innovative events:
   a) Diversifying into the retail channel (i.e. supermarkets). After scanning the national market, Fattal personnel concluded that comprehensive and professional supermarkets do not exist in Lebanon. Accordingly, Fattal decided to open a chain of modern supermarkets, starting in Horj Tabet and extending to all the local regions.
   b) Through launching projects to amplify the efficiency of the SBUs or business companies, the holding company tries to be ahead of its local rivals by being original. For example, Fattal Holding decided to introduce an automated, electronically controlled warehouse that encompasses some of the product lines of the constituent companies of Fattal Holding s.a.l.

4. **Market Share Improvement.** This is the core company objective because it is the doorstep to all other objectives. To rephrase this point, if any company fails to improve or sustain its market share figures, all the other goals will be of minor importance.
Columbus s.a.r.l., due to its good performance and its excellent international suppliers, has succeeded in its mission to accomplish this goal as can be witnessed by the market share figures.

The question now is, "How did Columbus s.a.r.l. improve its overall market share in the Lebanese market?"

The answer is a straightforward one through applying a bundle of marketing objectives and strategies. Before mentioning them, it is important to mention that these objectives meet the necessary criteria for making them successful. First, each objective is stated by Columbus in an unambiguous and measurable form with a stated time period for fulfillment. Second, the different objectives are internally consistent. Third, they are stated hierarchically. Fourth, all of the objectives are attainable.

1. Increasing sales of existing lines.

2. Adding new items or lines, such as Gillette Sensor, Uniliver's Skip and Domestos, Johnson and Johnson's sun tanning cream and lotion, Bristol Myers Squibb's Loving care, and so on.

3. Adding new agencies. This is done through discrete negotiations between company officials at Fattal Holding (mainly the managing director of the candidate company) and potential suppliers.

4. Advertising objectives are goals that advertising strives to achieve. With respect to Columbus, its advertising objectives are:

   a) To make the target market aware of new products. That is, high level of awareness is an important prerequisite to swaying consumer choice towards the company's products.

   b) To facilitate consumer understanding of Columbus products' attributes and benefits. This goal is formulated for the purpose of persuading highly involved consumers that the advertised product possesses features and benefits that make it superior to competitive offerings.
c) To enhance attitudes. This is accomplished by exercising the preemptive strategy and the unique selling-proposition (USP) strategy on the part of the suppliers (manufacturers).

d) To encourage product trial for newly introduced products. This is not only achieved through advertising, but also through house gatherings (a form of direct marketing).

All of the promotional activities (below-the-line and above-the-line) will be discussed in the last section of this chapter, namely "The Business Development Programs."

5. Increasing total sales revenues for 1993 by 12% over the Preceding year. This was nearly accomplished and sales increased by 10% in 1993 over 1992.

6. Expanding the number of retail outlets in certain geographical regions, mainly some northern regions and the West Bekaa area in 1993. This has partially worked out and Columbus will pursue this same goal for 1994.

7. Spending more time by the sales representatives on new products without de-emphasizing the efforts on the current ones.

As Columbus is highly market oriented, its sales force is becoming more market focused and customer-oriented. The traditional way (i.e., that the sales people should worry about volume and concentrate on selling only, and that the marketing team should worry about marketing strategy and profitability) is replaced by a newer view (i.e., that the sales force should know how to produce customer satisfaction and company profit in such a manner that it will be more effective in the long-range if it understands marketing as well as selling.
E. The Marketing Strategy

Other than distribution and merchandising, Columbus' role is limited to providing its suppliers with market feedback so as to collectively decide on the most appropriate positioning strategy and coordinate with its suppliers on the optimal strategies to promote.

With respect to Uniliver, Johnson and Johnson, Gillette, and Bristol Myres Squibb, all of them pose more than a single benefit positioning. They possess a couple of competitive differences.

The employed tools for competitive differentiation are:

1) Product differentiation
2) Image differentiation
3) Personnel differentiation

The first two differentiation instruments are credited to the manufacturers while the third one is inspired by Columbus.

First, Product differentiation is based on the physical attributes of the products. With respect to the parameters activated by Columbus' suppliers, the main ones are discussed below:

a) Features : The features of the whole range of products are distinctive because they are characterized by appealing to the consumers' expectations and/or aspirations.

b) Conformance : The products under consideration embrace a very high degree of conformance (i.e., the degree to which the products' design and operating characteristics come close to the target standard) to specifications.

c) Reliability : The probability that a product will malfunction or that the ingredients are harmed is very low for Uniliver, Gillette, J&J, and Bristol Myers Squibb.

Second, image differentiation is used by the brands under consideration through creativity. The images of these brands are not
implanted in the public's mind overnight nor are they seeded by one media vehicle alone; The image of these brands is carried out repeatedly in every communication vehicle available or optimal to the company.

The image for these brands is communicated via:

a) Symbols: These multinational firms use triggering brand logos in such a way that the public, in general, instantly recognizes them. In addition, colors, such as the yellow color for J&J baby shampoo, are used for some products.

b) Written and audio/visual media: The chosen symbols (i.e., logos and colors) are worked into the advertisements that convey the personality of the brand.

c) Events: Companies like those mentioned create further images for themselves through sponsoring certain types of events. For example, Gillette is sponsoring the world Football Mondial that will take place in June and July of 1994. Johnson and Johnson sponsors events for children such as the play for children in La Sagesse-Jdeideh in summer 1992 and a serial for children on LBC a year before.

Third, Columbus is credited for its personnel since they are well-trained, skilled, knowlegeable, considerate, trustworthy, consistent in their work, and possess good communication skills. As such, personnel advantage is a big advantage for Columbus and its suppliers. The competitive advantage gained is due to hiring and training better people than those of the competitors.

So far, no sound discussion has been made about the marketing strategy designed and implemented by Columbus s.a.r.l. Before presenting it, a brief presentation will show the relevant criteria for selecting the marketing strategy:

1. The degree of coordination between the suppliers and Columbus
2. The product life cycle
3. The macroenvironmental factors, mainly those about economic, demographic, and sociocultural issues (discussed in Section A; Chapter 3).

4. The microenvironmental factors - mainly those about the resources of the company, the competitive situation, and the marketing intermediaries (discussed in Section B; Chapter 4)

5. The current competitive position of the company and where Columbus stands now

The first criterion (i.e., the degree of coordination between the suppliers and Columbus) is very important to Columbus because there are strong ties of coordination and help between both parties. For instance, both Columbus and its suppliers prepare the marketing plans for the units concerned, each company alone. Then, Columbus discusses its version with each supplier which then reforms its initial marketing plan and conveys the revised marketing plan to Columbus for execution. Columbus is very well acquainted with the Lebanese market. Therefore, the information sent to its suppliers regarding the market situation and consumer characteristics aids them in setting the initial and the final draft of their marketing plans.

The second criterion, the product life cycle, is a critical determinant of which marketing strategy to follow. Products have life cycles - introduction, growth, maturity, or decline - that call for designing marketing strategies accordingly.

The last criterion is perhaps the most important of all. The marketing strategy for a market leader is different from that of a market challenger, follower or niche. Firms can be classified according to the role they play in the target market (i.e., how much does Columbus occupy from the overall market share pie?) With respect to Columbus s.a.r.l., the majority of its products are in the maturity stage and its position in the market is regarded as high. The marketing strategy employed is, therefore, mainly based on these two dimensions.

The marketing strategies procured by Columbus are also based on the company and marketing objectives. Although they were discrete about the quantitative standards for improvement, the managing director along with the four unit managers maintained that several of the objectives and
the marketing strategies are shared by the constituent strategic business units, each in its projected capacity.

The marketing strategies focus on expanding Columbus market share. Each year after the termination of the war in 1990, Columbus strived and succeeded in improving its profitability through increasing and in few cases defending the overall market shares for some of its products. In such markets as Lebanon, one share point is worth millions of dollars. That is why normal competition has turned into marketing warfare.

However, Columbus is conscious about the fallacy of applying the market share improvement goal as a sacred objective. That is to say, market share improvement is a means, not an end, towards profitability. As such, the relationship between market share and profitability is paramount. In Lebanon as well as in all the other countries, companies must not think that gaining increased market share will automatically improve their profitability. The cost of buying higher market share may far exceed its revenue value. Accordingly, the suppliers in collaboration with Columbus fix a specific advertising and promotion budget and decide on specific pricing policies in order not to incur extra costs that will not be matched by additional revenues, and consequently achieve a higher market share with a negative incremental benefit. For instance, J&J's baby shampoo achieved a market share of 75% in 1993 and Gillette's system razors and blades achieved an 88% market share for the same year. These are close to ideal share figures. After a certain share level, the cost of gaining further market share might exceed the value for certain products, such as the ones mentioned in this example. Along with its suppliers, Columbus executives admit that if they target to increase the high market shares beyond certain figures for their well-reputed products, their efforts will be wasted because a part of the unresponsive customers has its reasons for not buying Columbus products, such as being faithful to Columbus' competitors, or preferring to buy lower quality products for economical reasons.

With the major integration with its suppliers, companies, such as Columbus, excel in formulating and implementing their marketing strategies. Dominant firms like Columbus want to remain number one through improving their aggregate market share (the combination of market shares for the individual brands they market and distribute).
To improve market share, Columbus and its suppliers decided to move along four courses of action. First, the company was determined to increase sales of existing lines so as to generate more market exposure and gain new consumers. This was pursued through stressing promotion and exerting more effort to find solutions for shelf-pick-up problems.

Second, both Columbus and its four suppliers decided to launch new product lines in the national market to broaden the marketing base and to develop and enrich the product assortment. Many of these new items were introduced in 1992 and 1993, and they included Domestos detergent (Uniliver), Elida Gibbs Fabergé deodorant (Uniliver), Rexona Deo cream (Uniliver), skip liquid detergent (Uniliver), Dove Shampoo (Uniliver), Clairol Herbal Essence Shampoo (Bristol Myers Squibb), Clairol Final Net (Bristol Myers Squibb), anti-perspirant deodorant (Gillette), Menthol Foam (Gillette). No more tears product line, such as Pooh's conditioning shampoo, Piglet's liquid bath and Owl's super hand soap (J&J), baby bath gel (J&J), unwaxed reach dental floss (J&J), and so on. For 1994, other products and product lines will be introduced such as Clairol professional line and Bristol Myers Squibb Infusium group of products which includes shampoo and hair conditioner. It is believed that adding new products to the existing lines will increase exposure to the brands' names and will reinforce consumers' loyalty.

Third, Columbus and its suppliers decided to rejuvenate sales of slow selling products where the market potential was promising. This was to be handled through the distribution of free samples, consumer offers, and dedicating a larger chunk of the advertising budget for these items. Examples for slow selling items were Mentadent toothpaste, Rexona and Impulse deodorants.

Fourth, Columbus and its suppliers always look for expanding the total market for their products on condition that the incremental benefit is a positive one. This strategy embodies four dimensions:

a) Every product class as far as Columbus is concerned has the potential of attracting buyers who are unaware of the product or who are resisting it because of its price. The manufacturers and their Lebanese agent, Columbus, search for new users among two groups. They try to
convince people who do not use the product to use it (market-penetration strategy). For example, Uniliver was successful in convincing a large group of people to use fabric softeners for better washing results; Comfort and Cajoline were advertised for this reason. Advertising and consumer-oriented sales promotion, such as house gatherings, aid in converting the potential buyers to actual ones. For instance, skip liquid detergent was and still is promoted through house gatherings in different Lebanese regions to convince potential buyers to use this product.

b) The second dimension is based on convincing people to use more of the product per use occasion or per time span. For example, Mentadent ads stressed brushing the teeth after every meal. Moreover, Gillette Blue II razors are advertised with theme that shaving every day makes the man more appealing to others, and J&J’s suntanning lotion is promoted in the beach clubs, with an emphasis on lodging the liquid all over the body. Furthermore, other products incorporate written specifications on the packages concerning the ideal quantities to be used for good results.

c) The third dimension circulated around entering new market segments. For example, Johnson and Johnson has successfully promoted its baby shampoo, baby lotion, baby cream, and baby powder for adult users. To fulfill this strategy, the continuity aspect is stressed. That is, J&J is trying to tell its consumers that throughout their age life cycle, they can use J&J products. In this context, J&J products become a tradition. In October 1993, the “Look Alike” Contest took place; it addressed all the children who look like their parents to subscribe in it. The aim was to stress the similarity in using J&J’s products between the parents and children on one hand and that generations grow with Johnson on the other. Another example is promoting Mentadent (medical toothpaste) for ordinary customers.

d) The fourth one is winning the competitors’ customers by trying to let the latter adopt the product or brand. With the help of their national exclusive dealer, all of the four suppliers are masters from this perspective. They use all the available and affordable promotional, distribution, physical products (i.e., features, labels, design, and colors), and pricing decisions to achieve this aim, but to a certain extent. That is, when the marginal revenues for
gaining additional market share does not exceed the marginal costs, these companies cease allocating high budgets for this purpose.

The strategies implemented by Columbus are based on multiple-segment market coverage; they attempt to serve most of the customer groups with the products they might need. In conjunction with its suppliers, Columbus covers the whole national market through undifferentiated marketing for the majority of its products while for the other ones, it uses differentiated marketing.

When activating undifferentiated marketing, the multinational companies and their appointed agents in the host countries ignore the differences between the multiple segments they serve and go after the whole bunch of market segments with their market offers. They focus on what is common in the needs of the consumers rather than on what is variable. The suppliers design the products and the marketing programs that will appeal to the broadest number of buyers. Both the manufacturers and Columbus rely on mass distribution and mass marketing for the majority of the product categories. Their aim is to endow the product with a superior image in the target market members' minds. Undifferentiated marketing is defended on the grounds of cost economics. The mass manufacturing of the products keeps production, inventory and transportation costs down. The undifferentiated advertising programs keep down advertising costs the absence of segment marketing research and planning lowers the costs of unit (or brand ) management and other costs, such as marketing and market research. In doing so, Columbus is winning a part of the price-sensitive segment of the Lebanese market. On the other hand, when several companies do this, as is the case in Lebanon, the result is intense competition for the largest segments of the market. Examples for this mode of marketing include the following products: Gillette system razors and blades, Gillette disposable razors, Uniliver's Lux and Lifebuoy bar soaps, Uniliver's Lux and Sunlight dish washing detergent, Johnson and Johnson's baby lotion, cream, and powder.

In opposition, some products or product lines are marketed for different market segments which possess different needs and purposes. The marketing plans take these differences into consideration, and as such, the promotional campaigns take the relevant differences into
account. Examples are Miss Clairol hair coloring and Clairol Herbal Essence shampoo which are targeted toward different market segments. For instance, hair coloring is used by young women for fashion purposes, and it is also used by middle and old-aged women who have gray hair and want to keep their original hair color unchanged. Furthermore, men who dislike their gray color hair are another distinct segment for Miss Clairol, and so on. Consequently, Columbus and Bristol Myers Squibb use different promotion tools and ads to stimulate the different market segments. For such kinds of products, differentiated marketing creates more net profits than undifferentiated marketing. However, the additional promotion and administrative costs involved in differentiated marketing are offset by the increased sales and higher market share. Mrs. May Fayyad, unit manager of Bristol Myers Squibb, for illustration, defends this strategy for her unit by stating that Fattal and the mother Company are long-range planners. In order to increase sales and satisfy Miss Clairol and other Bristol Myers Squibb products' groups of customers, differentiated marketing (especially promotion) is important.8

In the following section, details on how Columbus s.a.r.l. moved on to achieve its objectives within the frame of its defined strategies will be discussed. This is better known as the business development programs. They are a combination of action plans programmed and executed at the operational level. However, they are crucial for organizational survival and perpetuation.

F. The Business Development Programs

This part examines the marketing program component which is the most significant and essential for company viability. In moving through these development plans that constitute the marketing mix, the researcher needs to recognize several of their characteristics. They are both supplementary and complementary in nature. Some must work together to be effective, such as the need to communicate the features and the availability of a new product. Other elements can, to some extent, serve as substitutes for each other. For example, pricing can be used in a promotional role. Each mix component or action plan frequently establishes some restraining guidelines for the decisions that remain.
The mix variables are placed on a sequence that begins with the product itself as the least constrained component and ends with the promotion element as the most constrained element. This same sequence corresponds to the frequency of the decisions extending over relatively long time horizons compared to much shorter spans for promotion decisions.

In turn, these decisions are further influenced by higher order factors, such as the suppliers' goals and strategies, profitability, and target sales considerations. These are inherent in the company objectives and are guided by its strategies. Their combination culminates in an intricate system that is highly sensitive to any manipulations. However, marketing mix variables' decisions should be flexible enough to allow for modifications necessitated by changes in the total marketing environment.

The business development programs, or the marketing mix decisions, consist of four sets of decisions:
1) Product decisions (e.g., the choice of product design, shape, color, and package).
2) Distribution decisions (e.g., choice of channel length and dealer network).
3) Pricing decisions (e.g., price level and discount structure).
4) Promotion decision (e.g., advertising and sales promotion).

For the first mix component, Columbus is out of the picture while for the others, coordination takes place between Columbus and its suppliers. Clearly, these elements are partially substitutable. If Columbus is seeking increased sales, it can achieve this through lowering the price, increasing the sales force, or advertising budgets by recommending the causes for such an increase to its suppliers. The challenge is to find the optimal mix. For a given marketing budget, the money should be divided among the various marketing tools in such a way so as to give the same marginal profit on the marginal dollar spent on each tool.
Product

1) The breadth of Columbus' product mix refers to how many different product lines the company carries. Table 5.4 shows the current product-mix breadth for Columbus products.

Table 4.5
Product Mix Breadth for Columbus' Products

1. Bar soap  
2. Baby soap  
3. Detergent  
4. Toothpaste  
5. Baby shampoo  
6. Shampoo ( for all )  
7. Baby lotion  
8. Baby Powder  
9. Baby cream  
10. Cream ( for all )  
11. Skin care wipes and buds  
12. Deodorants  
13. Baby oil  
14. Medical plasters  
15. Sun protection  
16. Mouth care  
17. System razors and blades  
18. Disposable razors  
19. Double edge blades  
20. Shaving cream  
21. Shaving foam and gel  
22. Toothbrush  
23. Shaving brush  
24. Hair coloring and treatment

2) The length of Columbus' product mix refers to the total number of items in its product mix and its depth refers to how many variants, such as size and formulation are offered to each product line.

Table 6.4 shows the length and depth of Columbus' products.
### Table 4.6
**The Length and Depth of Columbus Product Mix**

<table>
<thead>
<tr>
<th>Name of Product Line</th>
<th>Length of Product mix</th>
<th>Depth of Product mix</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bar Soaps</td>
<td>Lux</td>
<td>100g, Pink; 100g White; 100g, Green; 100g, Yellow; 150g, Pink; 150g, White; 150g, Green; 150g, Yellow</td>
</tr>
<tr>
<td>Uniliver</td>
<td>Lifebouy</td>
<td>85g; 125g.</td>
</tr>
<tr>
<td></td>
<td>Dove</td>
<td>100g.</td>
</tr>
<tr>
<td>Baby Soap (J&amp;J)</td>
<td>J&amp;J Baby Soap</td>
<td>100g.</td>
</tr>
<tr>
<td></td>
<td>J&amp;J Baby Lotion Soap</td>
<td>100g.</td>
</tr>
<tr>
<td></td>
<td>J&amp;J Liquid Soap</td>
<td>300 ml.</td>
</tr>
<tr>
<td></td>
<td>J&amp;J (Owl's Super hard Soap)</td>
<td>150 ml.</td>
</tr>
<tr>
<td>Detergents (Uniliver)</td>
<td>Lux Liquid</td>
<td>1L, Regular; 1L, Lemon; 1/2L, Regular; 1/2L, Lemon;</td>
</tr>
<tr>
<td></td>
<td>Sunlight Liquid</td>
<td>1L, Lemon</td>
</tr>
<tr>
<td></td>
<td>Stergene</td>
<td>500 ml.</td>
</tr>
<tr>
<td></td>
<td>Vim powder bleach</td>
<td>175 g.</td>
</tr>
<tr>
<td></td>
<td>Jif Universal (for glass)</td>
<td>500ml.</td>
</tr>
<tr>
<td></td>
<td>Jif</td>
<td>500ml, Regular; 500ml, Lemon; 250 ml, Regular; 250 ml, Regular;</td>
</tr>
<tr>
<td></td>
<td>Domestos</td>
<td>500 ml.</td>
</tr>
<tr>
<td></td>
<td>750 ml.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Skip</td>
<td>3 L.</td>
</tr>
</tbody>
</table>
Continued Table 4.6

<table>
<thead>
<tr>
<th>Name of Product</th>
<th>Length of Product mix</th>
<th>Depth of Product mix</th>
</tr>
</thead>
<tbody>
<tr>
<td>Comfort</td>
<td></td>
<td>1L. Pink; 1L. Blue;</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2L. Pink; 2L. Blue;</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2L. Silk.</td>
</tr>
<tr>
<td>Cajoline</td>
<td></td>
<td>3L. Douc. Lav.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>3L. Fr. Pr.</td>
</tr>
<tr>
<td>Toothpaste</td>
<td>Close Up</td>
<td>Red Large; Red Family;</td>
</tr>
<tr>
<td>(Uniliver)</td>
<td></td>
<td>Green Large; Green</td>
</tr>
<tr>
<td></td>
<td></td>
<td>family; Blue Large;</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Blue Family</td>
</tr>
<tr>
<td>Mentadent</td>
<td></td>
<td>Red Large; Green Large;</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Red Family; Green Family</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Sens. Large; Sens. Family</td>
</tr>
<tr>
<td>Baby Shampoo</td>
<td>Pooh’s</td>
<td>300 ml.</td>
</tr>
<tr>
<td>(J&amp;J)</td>
<td>Piglet’s</td>
<td>300 ml.</td>
</tr>
<tr>
<td></td>
<td>Tigger’s</td>
<td>300 ml.</td>
</tr>
<tr>
<td></td>
<td>Baby bath</td>
<td>300 ml.; 500 ml.</td>
</tr>
<tr>
<td></td>
<td>Baby Shampoo</td>
<td>200 ml.; 400 ml.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>600 ml.; 750 ml.</td>
</tr>
<tr>
<td></td>
<td>Baby bath Gel</td>
<td>300 ml.</td>
</tr>
<tr>
<td></td>
<td>Dove</td>
<td>400 ml.</td>
</tr>
<tr>
<td>Shampoo (For all)</td>
<td>Baby lotion</td>
<td>200 ml.; 300 ml.</td>
</tr>
<tr>
<td>(Uniliver)</td>
<td></td>
<td>500 ml.</td>
</tr>
<tr>
<td>Baby Lotion</td>
<td></td>
<td>300 ml.</td>
</tr>
<tr>
<td>(J&amp;J)</td>
<td>Baby lotion Moisturizer</td>
<td>100g., 200g., 400g.</td>
</tr>
<tr>
<td>Baby Powder</td>
<td>Baby Powder</td>
<td>85g</td>
</tr>
<tr>
<td>(J&amp;J)</td>
<td></td>
<td>100 ml.</td>
</tr>
<tr>
<td>Baby Cream</td>
<td>Baby Cream</td>
<td>50 ml.; 125 ml.</td>
</tr>
<tr>
<td>(J&amp;J)</td>
<td>Baby Cream Moisturizer</td>
<td>125 ml. E.R.;</td>
</tr>
<tr>
<td>Cream (for all)</td>
<td></td>
<td>200 ml.; 200 ml. E.R.</td>
</tr>
<tr>
<td>(Uniliver)</td>
<td>Dove Cream</td>
<td></td>
</tr>
<tr>
<td>Name of Product</td>
<td>Length of Product mix</td>
<td>Depth of Product mix</td>
</tr>
<tr>
<td>---------------------------</td>
<td>-----------------------</td>
<td>----------------------</td>
</tr>
<tr>
<td>Skin care Wipes and buds</td>
<td>Skin care wipes</td>
<td>42 wipes</td>
</tr>
<tr>
<td>(J&amp;J)</td>
<td>Nursing pads</td>
<td>50 pads</td>
</tr>
<tr>
<td></td>
<td>Cotton buds</td>
<td>200 buds</td>
</tr>
<tr>
<td></td>
<td></td>
<td>50 buds</td>
</tr>
<tr>
<td></td>
<td>Baby Skin Freshner</td>
<td>200 ml</td>
</tr>
<tr>
<td>Baby Oil (J&amp;J)</td>
<td>Baby Oil</td>
<td>200 ml; 300 ml</td>
</tr>
<tr>
<td>Medical Plasters (J&amp;J)</td>
<td>Band Aid</td>
<td>20 Plasters; 40 plasters;</td>
</tr>
<tr>
<td></td>
<td>Sun Lotion</td>
<td>100 plasters.</td>
</tr>
<tr>
<td>Sun Protection (J&amp;J)</td>
<td>Sun Cream</td>
<td>200 ml</td>
</tr>
<tr>
<td></td>
<td>After Sun Lotion</td>
<td>75 ml</td>
</tr>
<tr>
<td>Mouth Care (J&amp;J)</td>
<td>Reach</td>
<td>200 ml</td>
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<tr>
<td></td>
<td>Reach Mouth Wash</td>
<td>Compact Head Gentle;</td>
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<tr>
<td></td>
<td></td>
<td>Compact Head Medium;</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Full Gentle; Full Medium;</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Child; Infant; Antiplaque</td>
</tr>
<tr>
<td></td>
<td>Reach Dental Floss</td>
<td>300 ml. Regular;</td>
</tr>
<tr>
<td></td>
<td></td>
<td>300 ml. Mint;</td>
</tr>
<tr>
<td></td>
<td></td>
<td>300 ml. Yum</td>
</tr>
<tr>
<td>System Razors and Blades (Gillette)</td>
<td>Sensor razor</td>
<td>50 m. Waxed;</td>
</tr>
<tr>
<td></td>
<td>Sensor blades</td>
<td>50 m. Unwaxed</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Plus 3 blades</td>
</tr>
<tr>
<td></td>
<td></td>
<td>5 carts</td>
</tr>
<tr>
<td></td>
<td></td>
<td>10 carts</td>
</tr>
<tr>
<td></td>
<td>G II razor</td>
<td>plus 1 blade</td>
</tr>
<tr>
<td></td>
<td>G II blades</td>
<td>5 carts</td>
</tr>
<tr>
<td></td>
<td></td>
<td>10 carts</td>
</tr>
<tr>
<td></td>
<td>G II Plus razor</td>
<td>plus 2 blades</td>
</tr>
<tr>
<td></td>
<td>G II Plus blades</td>
<td>5 carts</td>
</tr>
<tr>
<td></td>
<td>Contour razor</td>
<td>plus 1 blade</td>
</tr>
<tr>
<td></td>
<td>Contour blades</td>
<td>5 carts: 10 carts</td>
</tr>
<tr>
<td></td>
<td>Contour plus razor</td>
<td>plus 2 blades</td>
</tr>
<tr>
<td></td>
<td>Contour plus blades</td>
<td>5 carts: 10 carts</td>
</tr>
<tr>
<td>Name of Product</td>
<td>Length of Product mix</td>
<td>Depth of Product mix</td>
</tr>
<tr>
<td>----------------------------------------</td>
<td>-----------------------</td>
<td>----------------------</td>
</tr>
<tr>
<td>Line</td>
<td>Blue fl</td>
<td>5 razors; 10 razors</td>
</tr>
<tr>
<td>Disposable razors</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Gillette)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Double edge</td>
<td>Nacet</td>
<td>5 carts; 10 carts</td>
</tr>
<tr>
<td>(Gillette)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Shaving Cream</td>
<td>Shaving cream</td>
<td>100 g. Regular;</td>
</tr>
<tr>
<td>(Gillette)</td>
<td></td>
<td>100 g. Menthol; 100g L/line</td>
</tr>
<tr>
<td></td>
<td></td>
<td>65g. Regular; 65g L/line</td>
</tr>
<tr>
<td>Shaving Foam and Gel</td>
<td>Foamy</td>
<td>200g. Regular;</td>
</tr>
<tr>
<td>(Gillette)</td>
<td></td>
<td>200g. Menthol;</td>
</tr>
<tr>
<td></td>
<td></td>
<td>200g. Lemon;</td>
</tr>
<tr>
<td></td>
<td></td>
<td>200g. Sensitive;</td>
</tr>
<tr>
<td></td>
<td></td>
<td>200g. Tough Beard;</td>
</tr>
<tr>
<td></td>
<td>Foamy Gel</td>
<td>200 g. Regular;</td>
</tr>
<tr>
<td></td>
<td></td>
<td>200 g. Sensitive</td>
</tr>
<tr>
<td>Tooth brush</td>
<td>Oral B</td>
<td>6 Kinds - each</td>
</tr>
<tr>
<td>(Gillette)</td>
<td></td>
<td>kind four colors</td>
</tr>
<tr>
<td>Shaving Brush</td>
<td>Shaving Brush</td>
<td>Regular; Tough</td>
</tr>
<tr>
<td>(Gillette)</td>
<td></td>
<td>Beard</td>
</tr>
<tr>
<td>Hair Coloring and treatment</td>
<td>Miss Clairol</td>
<td>Several formulations</td>
</tr>
<tr>
<td>(Bristol Myers Squibb)</td>
<td>Loving Care</td>
<td>Few Formulations</td>
</tr>
<tr>
<td></td>
<td>Final Net</td>
<td>80z ; 150z.</td>
</tr>
<tr>
<td></td>
<td>Herbal Essence</td>
<td>70z ; 150z.</td>
</tr>
<tr>
<td>Deodorant</td>
<td>Hero</td>
<td>Deo 150ml.; Hero 75ml;</td>
</tr>
<tr>
<td>(Uniliver)</td>
<td></td>
<td>Hero A/S 75ml.</td>
</tr>
<tr>
<td></td>
<td>Rexona</td>
<td>Deo Creme; Deo Musk;</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Deo Fresh; Deo Homme</td>
</tr>
<tr>
<td></td>
<td>Axe</td>
<td>Musk Deo 150 ml.;</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Marine Deo 150 ml.;</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Orientale Deo 150ml.;</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Musk EDT Vapo.75ml;</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Marine EDT Vapo. 75ml;</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Musk EDT Splash 100ml;</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Marine EDT Splash 100 ml;</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Eau de Toilet 100 ml.</td>
</tr>
</tbody>
</table>
Continued Table 4.6

<table>
<thead>
<tr>
<th>Name of Product Line</th>
<th>Length of Product mix</th>
<th>Depth of Product mix</th>
</tr>
</thead>
<tbody>
<tr>
<td>Impulse</td>
<td></td>
<td>Adventure; L'Etoile; Liberte'; Sensation; Musk; No17, Francaise; Fresco</td>
</tr>
</tbody>
</table>

**Source:** Uniliver, Johnson and Johnson, Gillette, and Bristol Myers Squibb units at Columbus s.a.r.l.

All the products that Columbus deals with are of very high quality and are technologically superior. That is due to the huge sums of money allocated to the R&D (Research and Development) departments of the supplying companies to produce goods that come in:

1) Different sizes or formulations to fit the consumers' consumption capacity
2) Attractive and stimulating designs
3) Features that are well-matched to the target markets' aspirations
4) Excellent packages for all products sizes and kinds
5) Distinctive labeling
6) Malfunctioning or partially damaged goods are returned, and the customer is given the option of cashing the price paid for the good or replacing the product.

In addition, the brand name is so well-reputed that trust and loyalty on the part of consumers strengthen the ties between the company and its customer groups. Furthermore, when any of the four companies—Uniliver, Gillette, Bristol Myers Squibb, and Johnson and Johnson—introduces any product into the market, the brand name goodwill drives the consumers to quickly try and trust the new product. Thus, Columbus' strongest advantage is the excellent quality products it sells. At Columbus, product-mix planning is handled at the strategic level by the planning and
Development department. Approval for the product assortment must be granted by the C.E.O. The decision is contingent on market feedback and information assessed through company sales force, market research studies, and information from the suppliers. The same procedure is followed to grow, maintain, harvest, or divest any given line.

Columbus must emphasize the needs satisfied by every product, the benefits to be sold, and lastly, the products’ features. The sales force is instructed to stress quality, features, brand name, and packaging. Finally, the company offers after-sales services and benefits, such as returning damaged goods, to maintain and reinforce consumer loyalty. This is to confirm that the new competition is not in what companies produce in their factories, but in what they add to their factory output in the form of packaging and features in addition to the post production marketing activities, such as advertising and other items (whether tangible or intangible) that the target market values.

**Physical Distribution**

It is quite interesting and puzzling why companies fail to strike a balance between consumer satisfaction and optimizing physical distribution costs. Through the years, and with the huge resources accumulated by K.F.F and Fattal Holding, Columbus has developed a rather intricate decentralized distribution network through the Lebanese market. This system has been perfected to the extent that goods can be placed at the consumers’ disposal immediately, through shop-to-shop catering, or within 24 hours, through order processing.

Physical distribution is carried out either by Fattal employees or by the subagents’ employees, depending on the area. These subagents are wholesalers who are appointed by Fattal Holding to sell its products at company prices for the North, South, Bekaa, West Beirut, its southern suburb, and the Chouf areas. Although sales are done by Columbus representatives who are scattered between the company headquarters and the subagents’ offices, or through the subagents’ employees, sales are always under the direct supervision and monitoring of Columbus s.a.r.l.
As they embark on their duties, salesmen at Columbus follow a pre-specified route plan that covers a selected geographical location each day. In general, salesmen check each retail outlet once per two weeks, and in peak periods, for the products that possess seasonal cycling, once per week or ten days. With respect to consumer cooperatives, salesmen visit them once per week since the latter have small warehouses. This reduces the costs of delivering the ordered goods to clients clustered in one area, as compared to orders placed by geographically-dispersed clients.

Shop-to-shop catering is handled by Columbus' or subagents' salesmen who visit medium to small-size retail outlets with specially designated vans loaded with easily-handled products. This technique is effective in selling items, like Gillette, Johnson and Johnson, Bristol Myers Squibb, and Uniliver product lines because they are conveniently packaged and do not require much handling effort. Such orders are executed immediately and settled either in cash or on credit (for a short time span, usually not exceeding 30 days) at the point of sale. However, sales are sometimes lost because at the time of the call, the customer could be short on cash and Columbus does not favor selling him/her on credit. Further sales are lost if the proprietor is occupied or temporarily unavailable.

The other technique which is utilized in the retail outlets does not involve the same requirements. The sales representative conducts his visit without having to have any physical goods. The only items he may need are samples of newly introduced products. At the end of the working day, the representative returns to the office where the order is executed or invoiced by the accountant and processed to the warehousing department. The next day, a special team packs the order and delivers it to the client. Through this technique, it is easier to circumvent the inconveniences of direct shop-to-shop catering.

With respect to Columbus, although infrequent, underestimated sales projections would lead to the ordering of insufficient quantities that add to order costs, or estimates would be inflated to the extent that unnecessary high inventory levels add to the cost of stocking. For example, in the winter season of 1993, Impulse deodorant was overstocked, and Columbus made many price deals to unload its stock; in the following summer season, the peak reason for deodorants, Columbus was under-
stocked. During the same year, similar inconveniences blasted all efforts that were exerted last summer in promoting Gillette shaving gel. At the peak of the promotional campaigns, the item was being imported in insufficient quantities which foregoes more sales.

In this frame, we can think of physical distribution at Columbus, or any other national company, as a balance. On the one hand, there are the suppliers who are the supply sources of the firm, and on the other, there are the firms' customers (subagents, retailers, and end users). Columbus' purchases are shipped by the suppliers. The terms of sales are FOB destination -i.e., the title of the products remains with the seller during shipment; it passes to Columbus when the goods are transferred from the carriers to Fattal's warehouse.

Finally, management should concentrate on developing and operating a more efficient system. It should endlessly keep in mind that the right amount of the right product should be moved to the right place at the right time. Physical distribution costs are a substantial part of the operating costs in any firm. They are also considered the only remaining source of major cost reductions. However, Columbus along with other constituent companies of Fattal Holding, are very efficient in absorbing and reducing the transportation costs from the suppliers' warehouses and within the Lebanese regions. Fattal gets big discounts on freight charges few other national company get due to the very large quantities it purchases from its various suppliers.

Price

The pricing decision in the case of Columbus s.a.r.l. is a matter not always within its control. The suppliers of Columbus demand that it deploy target-return pricing and end-pricing concepts. In this pricing method, both costs and profit goods are based on expected sales volume, i.e., the sales volume or quantity expected to be sold in the following year. Simultaneously, the concept of end prices suggests that the target market members are likely to have a range of acceptable prices for each product, and that if the desired product is priced within this price range, the buyer probably would be disposed to complete the purchase. That is, if a product is priced too low or too high for a particular buyer, there is little chance
that he/she will purchase it unless his/her buying parameters change. Of course, the suppliers suggest the price ranges based on several criteria and studies, some of which are provided by the agents (such as Columbus for Lebanon) themselves.

Most of the time, the pricing decisions are dictated by the suppliers abroad. That is to say, there is a coordination between Columbus and its suppliers who care for regional prices for their products especially that in some Middle Eastern countries, the exclusive agency law is either non-existent or non-applicable, encouraging trading companies to import and export goods to and from Lebanon, depending on the cost figures in the regional countries.

At Gillette, a unit price for the area designated as the Middle East (which includes the eastern basin of the Mediterranean and the Gulf) is enforced with a global promotional strategy; The objective is to switch the consumer from the disposable razors to the twin-blade and survival head razors.9

Johnson and Johnson uses segment pricing depending on the elasticity of demand for each area. The price is so carefully studied that no company could supply another with J&J goods except through the company itself.

In the cases of Gillette and Johnson and Johnson, supervisors from the regional offices in Dubai and London respectively frequently visit the area to ensure that these prices are implemented by their agent. In 1990 and 1991, Gillette adjusted its pricing policy for the Lebanese market to prevent the re-export of goods from other markets in the area, especially Dubai, U.A.E. Johnson and Johnson resorted to a similar measure. Goods have flowed from other countries through non-agent sources which prompted the management of both companies to dump huge amounts at low prices to counter the flow. These moves showed successful results and smuggling of goods into Lebanon has diminished to a considerable degree.

As for Uniliver and Bristol Myers Squibb products, supervision of price and special offer quantities is not too strict. Columbus has some room for price increases, and it has been making use of it. The items of
these two manufacturers are a bit more differentiated or unique. A few additional cents on a product's price for a firm selling thousands or maybe tens of thousands of units per year might not stop potential customers from rejecting any price that is a few cents more than they are willing to pay.

As far as Columbus' pricing strategy is concerned, the following information was obtained from company sources or through personal observations and investigations.

1. List prices: The list prices of Columbus products to the subagents in the different Lebanese regions are 4% to 7% lower than the list prices to retailers.

2. Average retail prices: Competitively speaking, the average retail prices for Columbus products, which fit into different product categories are, in general, higher than those of its competitive products. This is very clear when anyone goes to the retail outlets, whether groceries, mini markets, supermarkets, or consumer cooperatives and compares the prices of J&J, Bristol Myres Squibb, Gillette, or Uniliver products to other rival goods which are located on the same or close shelves to those of Columbus ones. Of course, when a comparison of retail prices is made, it is based on competitive products of compatible quality. From these findings, the researcher concluded that most of Columbus' retail prices were priced at a premium of 7% to 50% with respect to those of the competitive products.

For example, Comfort detergent (2 liters) is priced at an average retail price of $4.50 while Formula 7 (2 liters) is priced at $3.20. J&J baby Shampoo (200 ml.) is priced at $2.55 while Dandy baby Shampoo (275 ml.) is priced at $1.55. Another example is Gillette gel (7oz.) priced at $4.20 while Edge gel (7oz.) is priced at $3.50 and Williams (7oz. approximately) is priced at $3.25. A different illustration is that of Lux liquid detergent (1 liter) quoted at $3.00 while Fairy (1 liter) is quoted at $2.80. Moreover, J&J baby powder (400g.) is priced at $3.95 while Shop Rite (397g.) is quoted at $2.35.
On the other hand, a minority of products is priced slightly below those of competitive goods for reasons related to brand promotion and performance enhancement. This policy is applicable to products that are not selling well. In its strategy to rejuvenate slow selling items, Columbus has decided to sell such products at encouraging prices.

3. Trade discounts: Although this is a kind of trade-oriented sales promotion, trade discounts are also a pricing concern; they are introduced during some periods of the year for certain J&J, Gillette, Bristol Myers Squibb, and Uniliver products to encourage retailers to buy more of them and consequently decrease temporary out-of-stock problems. For example, Uniliver and Johnson and Johnson, in September and October 1993, encouraged retailers to increase their purchases by offering three dozens free of charge for every purchase of nine dozens of Skip, Jif Universal, J&J baby cream and nursing pads. In this case, the retailers will increase their markup on cost for the entire purchased goods since part of it is practically free of charge.

4. Credit facilities for retailers: Usually, the payment for products should be adjusted within a time horizon of 30 days. However, a 40 day grace period is offered for companies possessing
   1) A big order.
   2) A good reputation.
   3) A sound financial history.

5. Profits: Even though inaccurate, the markup on landed costs was stated at around 30% and the markup on net sales at 9%.

An effective pricing strategy is not possible unless coordinated with other elements of the marketing program. For instance, raising the prices of an item with a consumer offer will reduce the ability to sell it and profit opportunities will be lost. Similarly, lowering the price of Blue II disposable blades to generate cash inflow will forsake profit potential and will hinder the efforts to switch the consumer to system blades.

In conclusion, the ultimate goal of marketing is not to convert the firm into a charitable organization for the sole benefit of consumers. The ultimate goal is profits for Columbus, jobs for its employees, growth for
Columbus as well as the Fattal group of companies as a whole, and satisfaction of the customers' needs and wants. In this manner, the overall pricing objective is aimed at determining a standard volume large enough to cover overhead and variable costs at a price customers are willing and able to pay, while still permitting the firm to earn a target return on investment.

**Promotion**

Exposure to promotional messages is inescapable in our society. Everywhere one goes, everywhere one looks, one is bombarded with messages, advertisements and signs. Newspapers are, more often than ever, packed with advertisements. Radio stations run innumerable commercials every few minutes; billboards and shop signs never cease to catch one's eyes. Of course, countless TV Commercials continuously interrupt one's favorite shows. Finally, when one enters a store, one can always expect to be approached by a promotion person who will not stop suggesting products until one is persuaded to buy.

As previously stated, Columbus s.a.r.l., along with Fattal's thirteen companies in Lebanon, are the leaders, par excellence, in the consumer and household markets. With the help in know how and coordination of its chief suppliers, especially in the areas of promotion and advertising, Columbus has become very active and influential in the national market place.

Undoubtedly, competition in Lebanon is large-scale, as can be evidenced from the hundreds of billboards stretching all along Lebanon's streets as well as from intense TV and radio commercials. As a result, the potential consumer, generally speaking, is distracted and confused. What, one might ask, is Columbus' secret of promotional success? What is it about its promotion programs that make it stand out?

The following reasons try to explain Columbus' promotional success:

1. The suppliers of Columbus are leaders in promotional creativity and programs. They have excelled in the promotional know how.
parallel, their worldwide advertising agencies, such as Fortune Promo
Seven for Gillette, are pioneers in this domain. Their domestic agent,
Columbus, gains a lot from their experience and thus acquires a lot of
knowledge. The promotion management of the multinational suppliers is
carried out professionally. It involves:

a) Coordinating the various promotional mix elements so as to
achieve the desired results. (e.g. rejuvenating a slow selling item).

b) Setting objectives for what the promotional elements are intended
to accomplish.

c) Establishing budgets for every host country that are sufficient to
support the objectives.

d) Designing specific programs (e.g. advertising campaigns) to
accomplish the promotional objectives.

e) Evaluating performance through in-house experts, agents' reports
and remarks, in addition to the appointed advertising agencies.

f) Taking corrective action and recommending it to the agents when
results are not in accordance with objectives.

2. Huge budgets for the promotional activities come primarily from
the suppliers abroad. These budgets are in the form of promotional
programs that management at Columbus should implement and supervise
closely so as to achieve the desired aims. Frequently, additional funds that
are to be slashed in the periods of hardship, are provided by Columbus' managemen.

3. The advertisements are differentiated from the mass of mediocre
advertisements; they are somehow out of the ordinary.

4. The advertisements implant in the customers' minds a clear
meaning of the product and its attributes that represents a meaningful and
distinctive consumer benefit.

5. Due to the large numbers of advertisements in the audiovisual
media, Fattal Holding's companies obtain huge discounts in these media
vehicles. For instance, any of Fattal's constituent companies pays for any
spot on LBC (whether at prime, fringe, or daytime) at one sixth of its
value.
6. The advertising agencies do their best to satisfy their client, Columbus, because if they do not execute a good job, they will risk their commercial relationship with all of Fattal Holding and K.F.I.F group of companies.

7. Fattal group of firms, which are the exclusive agents of a multitude of leading international consumer and household products, aid each other in the promotional activities through consultations and reports.

8. The incremental experience of Columbus personnel in the fields of advertising and promotion, because of their frequent coordination with the suppliers' officials gives Columbus a further competitive edge. In addition, company employees, such as the unit managers and supervisors, travel to the suppliers' regional offices to discuss with them marketing issues as well as to attend seminars concerning promotional tools and campaigns.

The promotional activities (some of which are simultaneously used) employed by Columbus s.a.r.l. for 1992 and 1993 consist of the following:

I- Sales Promotion

The objectives of sales promotion as declared by Mr. Yenni Athanasiou are:
1) Increasing Sales of the mature products
2) Facilitating the introduction of new products into the marketplace
3) Expanding on-and off-the shelf merchandising space
4) Offsetting Competitive sales promotion and advertising
5) Obtaining trial purchases from consumers
6) Encouraging unloyal consumers to try the products
7) Reinforcing advertising
8) Increasing product usage by loading consumers with sales offers
A. Trade-Oriented Sales Promotion

1. Buying allowances. For Clairol's products, for every purchase of nine dozens by the retailer, three dozens were given free of charge. Univilber made the following offer: One carton free for every purchase of eleven cartons by retailers and three cartons free for every purchase of twenty one cartons by wholesalers. Gillette offered the trade the following: Take one cartoon free for every purchase of 20 cartons or acquire one gold coin for every purchase of five cartons. In addition, it offered the retail outlets sales targets incentives. That is, if any of the retail outlets met the sales volume during a specified period of time, a rebate of 3% free of charge goods for the amount sold would be granted. Johnson and Johnson offered the following deal: One cartoon free for every purchase of eleven cartons or two cartoons free for every purchase of twenty one cartons.

2. Forward Buying. Columbus provides trade allowances every couple of weeks or months in the form of reduction on the list price to retailers such as less three percent. Retailers take advantage of the suppliers' deals by buying larger quantities than needed, thereby avoiding purchasing the product at full price at some periods of the year.

3. Exit fees. This occurs when Columbus introduces a new product into the market and for a specified period of time (usually three months), the product is selling slowly, then Columbus withdraws these goods and the retail outlets concerned are either offered other company goods or the monetary value plus a premium for the returned products. However, Columbus considers that the products on the shelves and in the warehouses of the retail firms are still its products; the products are sold when the final consumer buys them.

4. Trade shows and cocktails. These are a tradition of Fattal companies when a new product is newly introduced into the Lebanese market. For example, a trade show was made for Gillette Sensor in February 1992 and another one for Skip liquid detergent in March 1993. Representatives from the subagents and retailers in addition to other business and public figures were invited.
5. **Point-of-sale materials.** Rotating standards were provided by Johnson and Johnson and Bristol Myers Squibb (Clairol Product line) for certain retail outlets, especially big supermarkets and well-known pharmacies. In addition, trays, swatches, and triple dock shelf stands were also supplied to the mentioned outlets. Furthermore, Uniliver and Gillette units provided fixed stands for Lux, Rexona, Sensor, and Blue II.

B. **Consumer-Oriented Sales Promotion**

1. **Price-offs** entail a reduction in a brand's regular price. They were used at different time intervals for the following products:

   a) 25% price reduction for Gillette Sensor
   b) 10% price reduction for Gillette shaving cream
   c) 20% price reduction for Herbal Essence Shampoo
   d) 8% price reduction for every pack (4 soaps) of Lifebuoy
   e) 20% price reduction for Sunlight dishwashings detergent
   f) 12% price reduction for Cajoline detergent
   g) 15% price reduction for Cajoline detergent
   h) 15% price reduction for J&J sun tanning oil
   i) 20% price reduction for J&J (200g.) baby powder
   j) 750 ml. of J&J baby shampoo plus 200 ml. conditioner for half the price.
   k) 600 ml. for the price of 400 ml. J&J baby shampoo
   l) 400 ml. for the price of 200 ml. J&J baby shampoo
   m) Four J&J baby soap for the price of three
   n) 20% price off for any of J&J's sun care products in stands created in several beaches, such as Portemilio, Rimal, Las Salinas, Summerland

2. **Bonus packs** are extra quantities of a product that a company gives to consumers at the regular price. They include:
   a) 20% extra value for Gillette foamy
   b) 25% extra value for Lux washing detergent

3. **Tie-in Promotions** involve the pooling of resources between two or major products. As far as Columbus is concerned, inter-company tie ins are used, i.e., joint sales promotions (for two distinct products) that either
Columbus or its sister companies market and distribute. The following tie-ins were devoted:

a) 1 Skip liquid detergents plus one sponge
b) 2 Skip liquid detergents plus one Vileda pair of gloves free
c) 2 Skip liquid detergents plus one Comfort (1 liter) detergent free
d) 2 Skip liquid detergents plus one (1 liter) dish washing detergent free
e) 2 Skip liquid detergent plus one laundry bag free
f) 3 Axe deodorant Cylinders plus 1 box underwear free
g) Gillette Sensor razor plus mini gel free
h) Gillette tube shaving cream plus 2 Blue II razors free
i) Gillette Sensor razor plus 1 pack of Sensor blades free
j) 2 Loving Care tubes (Bristol Myers Squibb) plus 1 free Herbal Essence Shampoo free
k) Herbal Essence Shampoo plus 3 in 1 Clairol hair conditioner free
l) 1 J&J baby bath (400 ml.) plus one Mickey mouse figure
m) 1 J&J Sun lotion (200 ml.) plus one Sun cream tube (75 ml.) free
n) 1 sun care product (J&J) plus 200 ml. baby shampoo free in promotion stands in several beach clubs, such as portemilio, Rimal, Las Salinas, Summerland, Costa Brava and Golden Beach

4. Sampling includes any method used to deliver an actual- or trial-size product to consumers. It was activated only by Johnson and Johnson unit. It consists of:
   a) Hospital visits to give samples to delivering mothers which includes baby Shampoo, lotion, bath, and moisturizer cream
   b) Dentist visits to grant samples of Reach (mouth care) products
   c) Pediatrician visits to provide samples of Reach (mouth care) products
   d) Visit to night clubs to give samples of care free (J&J) products

5. Contests mean that the consumers must solve the specified contest problem (e.g. specific questions related to a sport). In 1993, J&J sponsored the unique "Look Alike" contest which offered the consumer a visit to Paris along with his family if HIS child looks like HIM (the father).
On the other hand, in December 1993 Gillette published in *Annahar*, *Al Safeer*, and *Al Diyar* newspaper conditions for the 1994 football contest; the winners will be offered two round-trip tickets to the United States plus one week free stay.

6. Exhibitions. All of the four units subscribed in consumer-oriented expos, such as Portemilio, Futuroscope, Al Rihab, Las Salinas, Summerland, and Mont-la-salle for their product lines.

II. Advertisements

The following advertisements were run in the different media for 1992 and 1993:

1) Miss Clairol ads on LBC, Sigma, and Al Mashrek and regional T.V. stations

2) Axe ads on TL, LBC, MTV, Al Mashrek, and Future

3) Rexona ads on TL, LBC, MTV, and NTV

4) Impluse on LBC, Al Mashrek, and regional T.V. stations and on FM radio stations (RML, La Une, and Magic 102)

5) Hero ads on FM radio stations (La Une, Radio one, and Magic 102)

6) Comfort ads on TL, LBC, NTV, Al Mashrek, ICN and regional TV stations

7) Cajoline ads on TL, LBC, NTV, Al Mashrek, ICN and regional TV stations

8) Mentadent ads on TL, LBC, CVN, Al Mashrek and NTV, on billborads, and in some local newspapers and magazines

9) Close up ads on LBC, MTV, NTV, and CVN

10) J&J baby shampoo ads on TL, LBC, NTV, and Al Mashrek

11) J&J baby lotion ads on TL, LBC, NTV, ICN, CVN, and Al Mashrek

12) J&J baby bath ads on TL, LBC, NTV, MTV, ICN, CVN and Al Mashrek

13) Reach ads in local magazines and TL, LBC, MTV and Al Mashrek

14) J&J carefree ads on TL and LBC
15) Gillette Sensor and Blue II ads on TL, LBC, CVN, NTV, and Al Mashrek in addition to ads in Annahar and Al Hayat newspaper and Al Wasat magazine; Gillette Sensor was also advertised on Radio One and LAM radio stations.

16) Gillette Foamy in LBC and Annahar newspaper
17) Lux ads on TL, LBC, CVN, MTV, and Al Mashrek
18) JIF ads on TL, LBC, and Al Mashrek
19) Skip ads on TL, LBC, Al Masherp, MTV and NTV in addition to ads on billboards.

All of the units at Columbus stress the synergic effect of communicating to the consumers; that is, the integration through using different channels. It is not enough to use one media vehicle. For instance, if Columbus used only one TV station for its advertisements, this is insufficient since more than 1.1 million spots are presented per year (1993) through the various national TV stations. Therefore, media mix management is very important. This is performed through coordination between the company and its advertising agencies based on the following criteria:

1) Reach criterion (What proportion of the target audience does Columbus want to see, read, or hear the advertising message?)
2) Frequency criterion (How often should the target audience be exposed to the advertisements?)
3) Continuity Criterion (When is the best time to reach Columbus' target audience?)
4) Cost criterion (What is the least expensive way to accomplish the other objectives?)

The roles of Columbus' advertising agencies can be grouped into the following functions:

1) Media scheduling based on the best cost-effective way to reach the target audience
2) Copy strategy, i.e., the translation of marketing strategies into advertising strategies in order to convince the prospective buyers to purchase or try the products
3) Helping Columbus to determine the reach, frequency, continuity, and cost criteria

III. Point-of-Purchase Communications

These include such communication vehicles as in-store displays, packaging graphics and brand naming.

1. In store display. Mr. Yenni Athanasiou states, "our sales force and merchandisers play an interlapping role to ensure that the display of our products is optimal in terms of:
   a) The availability of product lines on the shelves
   b) The rightness of the location, i.e., to ensure that eye level shelving is prompt."

By visiting different kinds of outlets (consumer cooperatives, supermarkets, mini markets, groceries, and pharmacies) in Beirut and in other regions, the researcher found out that the products offered by Columbus were widely available in the retail and pharmaceutical outlets. All of the supervisors and owners of these outlets that the author spoke with praised Fattal's as well as the subagents' sales force.

Concerning the display and shelving at the retail outlets, Columbus s.a.r.l. is facing certain obstacles. These inconveniences are also faced by other commercial establishments operating in Lebanon. Display is sometimes weak at supermarkets and consumer cooperatives for certain of Columbus' products. Its sales force and merchandisers always try to ensure optimal displaying and shelving, but the following reasons make their mission hard:

a) Eye level shelves at many supermarkets and consumer cooperatives have become like real estate property. That is, eye level shelves at such firms have prices. What happens is that bribery takes place by certain agents or distributors, thus causing an increase in the price of eye level shelves. These kinds of shelves have become in certain supermarkets and cooperatives like auctions (Who pays the highest price for the shelves?)
However, all of Fattal's subsidiaries are against such behavior because "it spoils the trade". Columbus does sometimes use price discounts projected at retailers to obtain their support for display but these discounts are used as fair promotional inducements.

b) Limited shelf space in most retail outlets

c) Unprofessional management of retail outlets. This is one of the reasons why Fattal Holding s.a.l. has decided to diversify into the supermarket business.

2. Point of Purchase Materials. Shelf talkers and posters were provided by the four units at Columbus in the different kinds of retail outlets, except in small groceries because of space constraints. For instance, posters and shelf talkers were delivered for Lux, Rexona, Mentadent, Axe, Hero, Miss Clairol, J&J sun tanning lotion, Gillette Sensor and Blue II. Because point of purchase materials are frequently developed by manufacturers without considering the retailers' needs, a big part of these materials often go unused. They are delivered to retailers but in many instances are never brought out of storage.

3. Packaging. It is a vital element in the marketing communications mix although it is the least expensive form of promotion. The growth of supermarkets and other self-service retail outlets has pushed Columbus' suppliers to develop packages for their products that assume marketing functions beyond the traditional role of merely containing and protecting the product. For instance, the words new or improved frequently appear on some of the suppliers' packages; these words stimulate trial purchases or restore brand purchases by consumers who may have switched to other brands.

4. Brand name. "A brand is a company's unique designation, or trademark, which distinguishes its offerings from other product category entries."11 All of Columbus' suppliers have excellent brand names and reputation. These are invaluable for several reasons:

a) A solid brand name generates consistent sales volumes and revenues year after year.
b) It commands higher price and profit margins.

c) A strong brand name provides a platform for introducing new products.

IV. Direct Marketing

1. House gatherings. The objective of house gatherings is to discuss about the product features for selected people who possess the qualities of potential consumers. Columbus is among the first few companies in Lebanon to employ it. It has conducted house gatherings for Miss Clairol, Skip, and some of Johnson and Johnson baby care products. In addition, price and bonus offers were provided to increase the chance of the products' success. As an example, during house gatherings Skip was offered with free of charge Lux or Domestos at a discounted price of $9.75.

2. Direct selling. It involves the personal explanation and demonstration of products to consumers in their homes or at their jobs. This mode was only pursued for Comfort (1 liter) and Domestos (500 ml.) which were distributed free of charge to 100 families in West Beirut and 100 families in East Beirut, and these families were contacted after one month for feedback.

V. Public Relations

As compared to other domestic business firms, Columbus along with the other Fattal business units are proactive public relations. The tools for Columbus marketing public relations involve:

1. Invitations to dinners and parties twice per year to Columbus' marketing intermediaries, owners or supervisors of retail outlets, and other business people.

2. Product releases that announce new products and sometimes provide relevant information about product features are made for some newly released products, such as Sensor and Skip.
3. **Charitable contributions.** Any organization should be devoted to the community it serves. To express the Fattal Group commitment to the Lebanese society, Fattal personnel have answered the appeal of C.E.O., Mr. Bernard Fattal, in August 1993 by raising funds to restore a school in an area which was demolished by war, and to which the displaced population is returning. The response was generous and $58,000 was collected exceeding the initial budget.

4. **Feature articles** are detailed descriptions of products mainly written by print media or broadcast media. With respect to Columbus, the only feature articles were about Gillette Sensor published in *Annahar* and *Addiyar* newspapers early in 1992.

**VI. Sponsorship marketing**

As far as Lebanon is concerned, the only sponsorship or event marketing took place when J&J sponsored a children's play in La Sagesse, Jdeideh in Summer 1992. The suppliers of Columbus every now and then sponsor important events, such as Gillette's sponsorship of the 1994 Football World Cup in the U.S.A. The impact of such sponsorships is of great importance to the Lebanese consumers who are exposed to such events through Lebanon's active audiovisual media stations.

The following six pages consist of some pictures of the promotional activities undertaken by Columbus s.a.r.l. for 1992 and 1993.
Johnson & Johnson "look alike" contest in La Sagesse, Achrafieh

Uniliver stand at the exhibition in Portemillio, Kaslik
Gillette standat the exhibition in Mont-la-Salle, Ain Sa'adé

Display of Rexona at the exhibition in Al Rihab, Zahlé
Clairol stand at the exhibition in Las Salinas, Anfè

Johnson & Johnson stand at the exhibition in Futuroscope, Sin el Fil
Display of Domestos at Antellias consumer cooperative

Johnson & Johnson stand at the exhibition in New Roauche Souk, Jnah
Does she...or doesn't she?

Miss Clairol poster
Gillette Sensor: the shave personalized to every man. It starts with twin blades, individually and independently mounted on highly responsive springs. So they continuously sense and automatically adjust to the individual curves and unique needs of your face.

Innovation is everywhere. You can feel it in the textured ridges and the balance of the Sensor razor. You appreciate it in the easy loading system and the convenient shaving organizer.

Even rinsing is innovative. The new blades are 50% narrower than any others—allowing water to flow freely around and through them, for effortless cleaning and rinsing.

All these Sensor technologies combine to give your individual face a personalized shave—the closest, smoothest, safest, most comfortable. The best shave a man can get.

Gillette Sensor advertisement
Endnotes


3. Mr. Nabil Iskandar, human resources manager at Fattal Holding s.a.l., interviewed by author, 8 November 1993, Beirut.


5. Mr. Yenni Athanasiou, managing director of Columbus s.a.r.l., interviewed by author, 3 November 1993, Beirut.

6. Mr. Yenni Athanasiou, managing director of Columbus s.a.r.l., interviewed by author, 2 December 1993, Beirut.

7. Mrs. May Fayyad, unit manager of Bristol Myers Squibb at Columbus s.a.r.l., interviewed by author, 1 December 1993, Beirut.

8. Mrs. May Fayyad, unit manager of Bristol Myers Squibb at Columbus s.a.r.l., interviewed by author, 1 December 1993, Beirut.


10. Mr. Yenni Athanasiou, managing director of Columbus s.a.r.l., interviewed by author, 2 December 1993, Beirut.

Chapter 5

Conclusion and Recommendations

The research at hand presents an overview of the factors affecting Columbus' marketing environment which is a pre-step to discussing the core marketing management functions especially the marketing objectives, marketing strategies, and business development (tactical) programs. The core marketing activities or functions are thoroughly assessed. Columbus' mission is uncovered, its strengths/weaknesses and opportunities/threats presented, market share figures highlighted, and company and marketing objectives pinpointed. The marketing strategies and the criteria for selecting them are presented as means to compare what is stated by the company officials or in the company's records to actual performance. The four Ps: Product, price, promotion, and physical distribution are carefully managed because of their functional inevitability in achieving Columbus' objectives.

Findings

Columbus s.a.r.l. has proved to be successful and has been number one in Fattal Holding s.a.l. in 1993 based on productivity (measured in terms of 1993 dollar sales volume divided by the number of Columbus employees), profitability (measured in terms of profit margins for all the products sold in 1993), and return on investment (measured in terms of 1993 net profits as a percentage of the company's capital).

A major part of Columbus' marketing success is due to the excellent reputation of the brands it carries and the coordination of efforts and reporting with the suppliers. These supplying corporations plan for and control the sales performance and market share figures throughout the year; their employees periodically visit Lebanon for this purpose. Furthermore, when performance deviates too much from the marketing plan's objectives, the supplying companies assist Columbus in adopting the necessary corrective action(s). For example, when an item such as Herbal Essence shampoo or Lux liquid dishwashing detergent achieves a sales
volume lower than what is projected, the supplier diagnoses the problem, allocates a promotion budget, and decides on the promotion mix element(s) to back the product.

Moreover, Columbus showed to be among the dominant consumer products' firms as can be shown from its marketing performance and market position. Its performance was the result of stressing on the non-price marketing mix elements especially consumer sales promotion and full market distribution coverage as means to satisfy the customers, whether subagents, retailers, or end consumers. Not only this but also Columbus' mission, objectives, and marketing strategies are stated clearly and quantitatively so as to be well-understood and applicable by its qualified and experienced marketing and sales personnel. As equally important, a company's future success depends on adjusting to the environment and grabbing of the attractive opportunities; Columbus, in this respect, in coordination with Fattal Holding's other constituent companies, scans and assesses the environment on monthly basis. Such information is revealed in the annual marketing plans of its products. "Few are the Lebanese goods' firms which thoroughly monitor the macroenvironment".1

Another point to conclude about Columbus and, of course, Fattal Holding is the strength of management. The Board of Directors reviews the monthly performance of each Strategic Business Unit and decides on necessary corrective action and recommends what steps should be taken. Moreover, the business development department, presided by Mr. Jack Yemmin, is responsible for monitoring the performance of each constituent company. The corporate accounting and auditing department reviews the overhead and variable cost figures for each company and reports to the Board on wasted expenditures. In addition, comparison of performance against company budgets is well carried out at Fattal Holding s.a.l. It is the basis of determining whether or not the individual company is spending more, or less than planned, and of tracing the reasons for overages and underages and making any corrections necessary. In addition, Columbus periodically does ratio analysis to determine its financial health situation.

In addition, Columbus is credited for its wide (full market coverage) distribution in all kinds of retail categories, whether A, B, C, or
D. Its sales teams are always on the run to cover the different Lebanese regions. In opposition, the subagents cannot afford to upset Columbus since a big portion of the products they distribute belongs to Fattal Holding's companies. Therefore, spoiling the relationship with any of Fattal's companies will negatively affect the subagent's relationship with all other Fattal constituent units.

The same applies to Columbus' relations with the retail outlets. While other companies pay shelf or other kinds of fees for displaying or introducing new products, no retail store can demand from Columbus such fees; Fattal firms can boycott any retail outlet which looks for illegal ways to display and carry their products; such a boycott can cause much harm to the retailer.

On the other hand, Fattal Holding's intermediate and long range objective is to increase the number of well-reputed international consumer and household brands within its brand portfolio. In the researcher's opinion, Columbus will succeed in case of this happening because it already handles a large product mix with sufficient attention given to each product depending on its importance and profitability in the Lebanese market. In fact, Fattal is pitching for several important agencies; in this respect, Columbus' managing director is traveling every now and then to convince the potential suppliers of the company's distinctive advantages vis-à-vis other national rivals.

In opposition, Columbus is rigid in its relation with the retailers as ascertained by many proprietors or retail employees for the following reasons:

1. Limited trade incentives. The trade promotions are only fitted for the company's needs and situation or as a counter reaction to competitive actions.

2. The trade offers are very strict. For example, when "two cartons free for every purchase of twenty one cartons" is offered to the merchants, there is no discussion about the offer in terms of the quantity of the free products. In parallel, other rival agents are more flexible in their promotional offers, depending on their relations with the retailers.
However, Columbus' employees have a different viewpoint which the researcher opposes. They claim that this kind of promotion will increase the products' prices to the final consumer, and it may create problems of overstocking by the retailers; Columbus, as they say, may then have to pay for deslotting allowances. What should be done is that trade-oriented sales promotions should be well planned depending on the product life cycle and market share of each product per se.

In the final analysis, Columbus' and its suppliers' strengths lay in the consumer-oriented sales promotions because all the marketing efforts and offers are projected towards the end buyers without de-emphasizing the importance of the company's profits.

Another major shortcoming at Columbus is the policy of no-sales commission for the sales force. Compensation is granted on the basis of a fixed salary and extra months bonus salaries. The bonus is contingent on overall performance and meeting sales quotas. Columbus' logic behind it can be summarized as follows:

1. It would be unfair for a salesman to be underpaid because of a decline in sales volume due to macroenvironmental forces.

2. Sales figures are different from one product mix to another; so it would be unjust to have salary differentials among colleagues.

3. No discrimination among sales, marketing, management, accounting, and clerical employees. All of them, interactively, lead to good performance.

4. The duties driving the salesman to work are not only selling; they also include displaying and maintaining good relations with retailers.

5. The employee, as any human being, will always require more because of his ladder of ambitions.

6. No sales commission policy is a system of control. It will lead salesmen to stress on all kinds of retail outlets (i.e. A, B, C, and D) and not only on
A and B categories where sales volumes are much higher; Accordingly, if there is sales commission, salesmen will spend more time trying to sell them and thereby spending lesser time on the other retail categories.

Upon inquiring the feasibility of computing varying commission rates for various product lines to strike a balance, the discussion was terminated; i.e., the subject is not open for discussion. Mr. Bernard Fattal, the CEO and the major shareholder, does not favor any kind of partnership with the employees.

With respect to retail prices, they are higher than competitive brands because Columbus claims that:

1. Advertising and promotion budgets for Uniliver, Johnson and Johnson, Bristol Myers Squibb, and Gillette products are higher than the vast majority of competitive brands.
2. The production process of Columbus’ branded products is technologically sophisticated.
3. Consumers have a high perception of these brands.

In conclusion, Columbus is very profit-oriented because the markup on landed costs for its products usually exceeds 20% and sometimes 30%. This point is of great importance. Although Columbus performs the marketing functions accurately and promptly, this company does not sacrifice profits for any other element in the marketing mix. This can be evidenced by Columbus' markup on landed costs which are much higher than the competitive products of compatible quality. This is clear through:

1) The relations with the suppliers are too profit-oriented because the stress is always on meeting sales forecasts, distribution coverage, prices, and profits.

2) To increase the market shares, the markups should be decreased. But Columbus does not abide by this concept because it thinks that: a) Its marketing offers are superior to those of its competitors, b) Its branded products have an excellent reputation and c) For many of its products, namely for Gillette and Johnson and Johnson, no strong competitive brands exist in the Lebanese market.
Due to the abolishment of the exclusive agency law for necessity items, some merchants used to import to Lebanon some of the products that Columbus sells and sell them to wholesalers and retailers at 15% to 25% cheaper than Columbus does. Examples are Lifebuoy, Dove, and Lux which were imported by Geadah Bros. Company. Therefore, Columbus must be more careful in pricing, especially that its products are fast-moving and subject to smuggling from regional countries.

In the overall assessment, the marketing and sales objectives pursued and the marketing strategies implemented can be classified as successful because the tri-company objectives—increase profitability, keep up the good reputation, and market share improvement—were fulfilled in 1992 and 1993. Market share figure and sales volumes prove that.

In the end, it would hardly be appropriate to describe Columbus as an organization that has fully implemented the marketing concept. This, however, does not mean that it fits in any other concept. In relation to the evolution process that led to the marketing process, Columbus is thought to lie somewhere between the selling concept and the marketing concept, and the exact position is closer to the selling rather than to the marketing concept. Reaching a status closer to the latter should be aspired for blunders like the ones discussed contribute to drawing it closer and closer to the selling concept than to the other, more developed one. However, it does not require much effort to enable Columbus make bigger steps in the proper direction. Finally, it would only be fair to mention that given the macroenvironment, Columbus is way ahead of most non- Fattal Holding companies with comparable operations, but measures should be taken to enhance the process of development.

Limitations

In spite of all efforts to have an objective study, some constraints minimally affected the outcome, mainly:

1. Some interviewees were reluctant to provide the researcher with necessary information, especially when it came to numerical figures. For
example, employees at Columbus s.a.r.l. were reluctant to provide the researcher with sales figures and some basic financial information for several reasons:

a) They consider the information confidential.

b) They are afraid that the critical information will reach the competitors.

c) They think that some information—such as instances, the studies concerning the marketplace gives Columbus a distinctive edge over its rivals, and for that reason, the company prohibits revealing it.

2. Some of the information provided by some interviewees concerning certain topics was optimistic. However, some detections were necessary to uncover the truth. This was done through comparing the answers of different employees working at the company regarding certain types of information.

3. The employees at Columbus s.a.r.l. as well as those working in other companies for Fattal Holding s.a.l. are so congested with work and pressed with time. Each sales and marketing employee has a detailed job description. Completing all of his/her duties and responsibilities make the employees extremely busy. This situation has led the researcher to conduct only one interview with some employee.

4. There is also the time limitation. The analysis of the marketing strategies’ implementation along with other marketing activities for the company under discussion require a larger time span. To offest this limitation, the researcher has widened the sources of data to a considerable extent. For example, competitive analysis was made concise because analyzing the marketing performance and actions of the major competitive companies would have taken the researcher much more time. In addition, obtaining such kind of information is very difficult since the personnel working at these companies fear that the researcher would transmit the information to their rivals.

5. Some information was given in the form of excerpts because the company only obtains and keeps the information that it values as important. However, the research presents a comprehensive case study
about the marketing performance of Columbus. The researcher used outside sources to complement the information obtained from Columbus because information such as economic factors, sociocultural factors, and some data about the supplying corporations did not concern Columbus much.

**Recommendations**

To conclude this research, some guidelines would be proposed so as to improve marketing performance at Columbus in compliance with its strategies, commitments to its suppliers and customers, and in relevance to the marketing environment for the Lebanese market. This is why the last section of the final chapter falls in place; the recommendations are the result of an objective overview of all the marketing and sales functions of Columbus. In addition, they provide some basic ingredients for those interested in thoroughly analyzing this company at any given time, future or present.

To start with, the working environment is rough and tough. Although a flat structure of communications is activated, the working environment is a very serious and stressful one. It is not enough to satisfy the employees financially and by word of mouth. The working environment should be more pleasant because the employee is a human being; he is not a system of functions and commands.

Second, the company must reconsider its "no sales commission policy" on the grounds that it is unfair to deprive the sales force of its rights for a more adequate compensation scheme. A sales representative might be motivated to work longer hours if he knows that his extra efforts would be appropriately compensated. This is a rather delicate matter that Columbus should address soon because already comments of good sales commissions at other similar companies are circulating among Columbus' sales force members.

Third, so far, Columbus has not tried to convince its suppliers to dissociate or segment the Lebanese market from the wider frame known as
the Middle East or "Arabia." The marketing environment is not the same, in fact, it is totally different. What applies in Qatar or the United Arab Emirates does not necessarily apply to the Lebanese market, and what applies to West Beirut does not have to apply to the Bekaa. Steps should be taken in the market segmentation direction in order to assess the true potential of the local market.

On the other hand, regional pricing is activated to a certain extent by the supplying companies in order to limit smuggling from one country to another. However, Columbus has its ways (or tricks) for adjusting its wholesale and retail prices to maximize profits. In doing so, it justifies the price increases to its suppliers by claiming that it is incurring additional insurance, transportation, promotion, and other kinds of costs.

Columbus should cease the high markup practices because the competitors will have a much higher price edge for their products. In addition, competitive products such as the full range of Shick blades and accessories which are number one in Japan and the Far East are expected to be introduced into the market in 1994. Columbus should be alert to such matters if it wants to increase or maintain its market share.

Fourth, full distribution coverage is very important for time and place utilities of products for the end consumers, but the salesmen are not continuously monitored as to the appropriateness of the quantity sold to the retail outlets. That is, over-selling or under-selling may result in overstocking or understocking problems, the fact which will reduce the turnover rate of Columbus products in the retail outlets. What should be done is that each salesman should be guided as to the true potential of each kind of retail outlet within his region based on previous as well as projected sales figures.

Fifth, newly hired employees are frustrated. Many of them have a solid academic and/or practical background. Some of them are more productive and dynamic than old employees, many of whom were recruited when Fattal's management was very conventional. Such employees who are much less educated or energetic take remarkably higher salaries because of salary increases every year.
In the researcher’s opinion, the prime solution to this serious problem is through providing seminars for such employees. If they do not respond, this will be considered a negative attitude. Then, at the end of each seminar, a test is given to know who is ready to advance and develop his/her skills. If the employee fails, he/she should not receive any bonus or merit, such as the 10% increase at the year end for the inflated cost of living. Another more costly solution could be to retire the inefficient employees at the age of fifty five rather than at sixty five and pay them half their salaries for twelve or fifteen years. This would be very ethical.

Sixth, sales and marketing people are the key to a company’s success. Although at Columbus they earn above than average compensation as compared to local rival firms, their salaries should be enhanced. For instance, the products’ turnover and profit margins in some Gulf countries, such as Bahrain and Qatar for Uniliver, Gillette, Johnson and Johnson, and Bristol Myers Squibb are remarkably lower than in Lebanon, yet the overall financial package (specifically the basic salary) of the marketing and sales employees working for the suppliers agents in these countries are much higher.

Finally, the researcher has described and discussed the serious weaknesses of Columbus s.a.r.l. at great length, proposing what should be done about them. Part B of Chapter 4 gives the reader further insight into the afore-mentioned weaknesses and their proposed recommendations.
Endnotes


2. Mr. Patrick Smith, owner of Smith supermarket in Ras Beirut
   Mr. Nader Mounneh, managerial controller at the Consumer Cooperatives Company in Beirut.
   Mr. Rafoul El Khazen, owner of Royal Shop mini market in Ras Beirut
   Mr Elie Fahed, owner of Fahed supermarket in Jounieh.
   Mr. Jean Wakim, owner of Wakim supermarket in Beit Merry.
   Information gathered by the researcher in December 1993, Beirut.

3. Mr. Jihad Mneimneh, unit manager of Uniliver at Columbus s.a.r.l., interviewed by author, 3 January 1994, Beirut.

4. a) Mr. Georges Nassar, regional manager (Lower Gulf) at Gillette, interviewed by author, 27 December 1993, Beirut.
   b) Mr Mohammad Harazallah, marketing manager at Johnson and Johnson, Dubai, information sent to author on 27 November 1993.

Appendices

1. Historical Background

2. Interviews
Appendix 1

Historical Background of Fattal Holding s.a.l.

In 1897, Khalil Fares Fattal created a trading company under the name of Khalil Fattal and Fils in Damascus. After completing their education in Vienna, his sons, Michel and Jean, returned and joined their father at work. The first exclusive agency of K.F.F. was a range of sewing materials.

In 1926, Khalil Fattal sent one of his sons, Jean, to Beirut in order to develop the business there and that was the start of the Lebanese venture. With the end of World War II, a new era began. As time passed and stability returned, the company perfected the techniques of supply and distribution. 1951 saw the opening of the company's ultra modern new headquarters, built by Michel and Jean, in the Rue du Port in Beirut. In 1962, K.F.F. was the first Lebanese firm to introduce mechanization to replace manual operations.

In the late sixties, the Lebanese market was developing rapidly, as the press, cinema, and television media conveyed information from one end of the territory to the other. Khalil Fattal & Fils, working at full efficiency, strengthened their commercial position by importing new products and distributing them on a national scale.

The doctrine of Jean Fattal is summarized in three phrases:

"We have no personnel; we are family."
That is, the company is a group and all employees work under the same conditions of employment. Loyalty to the company comes first.

"We have no customers; we have associates."
This defines the kind of relation the company wants to develop in the market; it wants to satisfy its customers.
"We have no suppliers; we have friends."3

This gives a clear idea of the kind of relation the company aims to maintain with its suppliers, both nationally and internationally.

In 1975, war broke out in Lebanon. The Fattal building was ravaged by fire; the company temporarily ceased its operations. The only capital was: its human resources and the faith of K.F.F. colleagues. In 1976, the company relocated its offices in a temporary location in Sin El Fil. After the death of Jean Fattal in 1979, responsibility for the company fell entirely on Georges J. Fattal, Khalil M. Fattal, and Bernard J. Fattal. In 1985 K.F.F. moved into new built premises in Sin El Fil, facing Beirut River. During that year, the deterioration of the economic situation had seriously started.

In 1986, the company was reorganized. Fattal Holding was constituted and took over the distribution and marketing aspects of the business through thirteen subsidiaries (strategic business units) operating in the fields of marketing and distribution of internationally and nationally branded products, in addition to other affiliates in the fields of local manufacturing, finance, and export. Each company or affiliate works independently and all of them share the same group philosophy. Then, K.F.F. was transformed into a service company, acting also as a group bank. Each sister company is organized as an SBU because it fulfills the following criteria:

1. Each SBU at Fattal serves as an external market; that is, it has a set of external competitors.

2. Every SBU has control over its destiny, i.e., it is able to decide for itself what products to offer, how and when to go to the market, and where to obtain its suppliers and services.

3. The performance of every constituent sister company is measurable in terms of profit and loss implying that it is a true profit center.
As inflation accelerated, the disposable income of the consumers decreased. The group quickly reacted by diversifying marketing and distribution to more accessible products, and working closely with the national industry to develop sales of locally produced goods.

Consequently, there was a great reliance on personal initiatives. There are no rigid written job descriptions to limit the individual's contribution. Each member of the organization is expected to give more than what he/she has been recruited for, using all his/her capabilities for the benefit of the group.

In addition to the 13 sister companies, Fattal Holding s.a.l. includes other affiliates, namely, Fattal Export s.a.l. (import-export company), Armada Distribution Co. (Dubai, United Arab Emirates), Midexport Ltd. (Nicosia, Cyprus), Nabila Co. (Damascus, Syria), in addition to a liaison office in Limassol, Cyprus. It also owns Assurex s.a.r.l. (insurance and reinsurance company).

The following table depicts the sister companies constituting Fattal Holding s.a.l., showing the domains they are in and their major basket of brands.

<table>
<thead>
<tr>
<th>Domain</th>
<th>Name of Sister Company</th>
<th>Major Brands</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Electronics</td>
<td>A- T- Vega</td>
<td>Xerox, Amstrad, Sinclair, NEC</td>
</tr>
<tr>
<td>2. Entertainment</td>
<td>A- Play Fair</td>
<td>Coleman, Victory Mattel, Ginzo</td>
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<tr>
<td></td>
<td></td>
<td>Browning, Eskimo</td>
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</table>
Continued Table 1, Appendix 1

<table>
<thead>
<tr>
<th>Domain</th>
<th>Name of sister company</th>
<th>Major Brands</th>
</tr>
</thead>
<tbody>
<tr>
<td>3. Foods &amp; Beverages A.</td>
<td>IPF</td>
<td>Chevas Regal, Kraft-General Foods, Ramek, Evian, Jack Daniel's</td>
</tr>
<tr>
<td></td>
<td>B. Neo Comet</td>
<td>Cadbury, Dewars, Cinzano, Smirnof, Kefraya, Poulain, Pommery, Lipton, Guinness, Carcottes, Maltagliati, Cusenier, Volvic</td>
</tr>
<tr>
<td></td>
<td>C. STC</td>
<td>Chateau Musart, Kdd Bahlzen, Lindt, Passport Paul Musson, Jacquin</td>
</tr>
<tr>
<td></td>
<td>D. United Distributors</td>
<td>Cote D'or, Gordon Gin Johnnie Walker, Bolls Malta Giliati, Campbel Kronenbourg, Walls California Gardens</td>
</tr>
<tr>
<td>4. French cigarettes &amp;</td>
<td>A. Alliance</td>
<td>Gauloise Blondes, Gitane, Rosental</td>
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<tr>
<td>personal care</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. Household &amp; personal</td>
<td>A. Columbus</td>
<td>Gillette, Uniliver, Johnson &amp; Johnson, Bristol Myers Squibb</td>
</tr>
<tr>
<td>Domain</td>
<td>Name of sister company</td>
<td>Major brands</td>
</tr>
<tr>
<td>-----------------</td>
<td>------------------------</td>
<td>------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>A. Aurora</td>
<td></td>
<td>Dettol, Brown, Kiwi, Bien Etre, Bolt-Midway, Beecham, Vileda, Wilkinson, Vaseline, Alberto, Culver, Reckit &amp; Colman, Duni, Ecko, L'oreal</td>
</tr>
<tr>
<td>6. Magnetics</td>
<td>A. Magnet</td>
<td>Agfa, Efbe, Duracell</td>
</tr>
<tr>
<td>7. Perfumery,</td>
<td>A. Mayflower</td>
<td>Avon, Boucheron, Playtex, Ruby, Revlon, Swin-Plus</td>
</tr>
<tr>
<td>Lingerie and</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Watches</td>
<td>B. Sindia A</td>
<td>Paco Rabanne, Valisere, Max Factor, Charles Illuster, Jeune Garconne, Arnaud, Jacomo, Antinea, Playtex, Trocadero, Jovan, Roger &amp; Gallet, Swatch</td>
</tr>
<tr>
<td></td>
<td>C. Romance</td>
<td>Clarins, Lili, Lanvin, Francesco Smalto, Lalique, Cacharel, Van Cleef &amp; Arpels, Elizabeth Arden, Rochas</td>
</tr>
</tbody>
</table>
Endnotes


2. Ibid., p.35.

3. Ibid., p.35.
Appendix 2

Interviews

12 October, 1993

Dear Messrs. Columbus s.a.r.l., Fattal Holding s.a.l.

This letter aims to testify that Mr. Rani Wehbe (ID # 870553) is enrolled in the Master of Science Program in Business Management at Beirut University College, Beirut. He has registered for the fall semester of 1993-4:

Course Title: Research Topics in Business
Course Number: 9888

The research project he is currently undertaking is an academic requirement for the Master of Science Program in Business Management. It will be classified in the academic records of Beirut University College, not to be used for any purpose whatsoever. The results of this study will be available to you upon request.

We would appreciate your coordination and help.

First Advisor
Nouri Beyruti (Dr.)

Second Advisor
Sawsan Hajjar (Dr.)
* Interviews with Mr. Yenni Athanasiou, managing director of Columbus s.a.r.l., Beirut.

Dates: 3 November 1993 and 2 December 1993

Questions posed:

A. Questions related to the Holding Company - Fattal Holding s.a.l.

1. What is the organization's philosophy - i.e., the values, beliefs and guidelines according to which the Company conducts its business?

2. What is the organization's culture - i.e., the pattern of beliefs and expectations shared by the organization's members?


4. The company has a long history of achievements; in your opinion, what are the basic reasons underlying the advancements?

5. To what extent are harmony and cooperation (in terms of information and personnel) activated between the strategic business units forming the Holding Company?

6. Long-range objectives are pursued by the Board of Directors headed by Mr. Bernard Fattal. How is the strategic decision-making process carried out?

7. Since Columbus s.a.r.l. is a member of the Holding group, what kinds of services (such as banking, Finance and insurance) does your company share with the other member companies?

8. Marketing and distribution know how is a competence of the Fattal group of companies. What does the company do to promote and accelerate this kind of know how?
9. The market place always praises Fattal employees for being dedicated, cooperative, and continuously on the run to achieve their responsibilities. What are the major reasons underlying this?

B. Question related to the Marketing Environment

i) To the Macroenvironment.

1. Economic circumstances have been harsh on all the commercial companies operating in Lebanon for the past decade. What did Columbus s.a.r.l. along with its sister companies do to overcome this situation? How did it try to minimize the resulting consequences?

2. For an approximate period of seventeen years, the political situation was characterized by disorder and chaos. What did Columbus s.a.r.l. do to maintain its survival?

3. After the termination of the war, the government reimposed some regulations and readjusted others for commercial companies. Examples include the increase in value of the custom's dollar to 800 L.L. and probably a further raise in 1994 and an evaluation of tariff duties which were readjusted in 1992. What is the impact of these factors on Columbus s.a.r.l. and who bears the cost, the company and/or the consumer?

4. In correlation with the previous point, the demographic situation witnessed a drastic change in the past two decades. What did Columbus s.a.r.l. do to cope with this situation?

5. Lebanon is a country which is comprised of different socioeconomic groups of people. Accordingly, the target market can be broken down into more than one group. Is there some kind of segmentation on this basis?

ii) To the Microenvironment

1. Briefly give a historical background of Columbus s.a.r.l.

2. What is Columbus s.a.r.l.'s specific mission?
3. How does cooperation take place between Columbus s.a.r.l. and its four suppliers?

4. How do you evaluate the performance of the subagents of Columbus s.a.r.l.? Why doesn't Fattal Holding s.a.l. consider direct physical distribution to all the Lebanese regions?

5. Since you consider the customer the black box, what does your sales and marketing team do to surpass the competitors' efforts in satisfying their customers' needs and decreasing their complaints? In this domain, is there some kind of help from the suppliers? What kind of market and marketing research activities does Columbus s.a.r.l. and its advertising agencies perform to gain additional knowledge about the current and potential consumers?

6. Columbus s.a.r.l. has strong competitors such as Abu Adal, Transmediterranean, Mukattaf, and Obegi. What do these companies do to counter your marketing efforts? To which degree do they usually succeed? In case the marketing efforts they launch are superior to those of Columbus s.a.r.l.'s efforts, how does your company react?

C. Questions related to Marketing management functions

1. In your opinion, what are the major opportunities and threats facing Columbus s.a.r.l in the intermediate and long-run? How do you analyze them in terms of seriousness and importance?

2. The various business activities of a company over the years result in strengths and weaknesses which determine the ability of the company to pinpoint and conquer the opportunities and threats. What are the major strengths of Columbus s.a.r.l.?

3. What are the company goals for the next three years? Is there some kind of deviations from the current goals? What are the marketing goals? What are the financial goals (without giving figures)? What are the business development goals?
4. The company goals are set by the Board of Directors. What about the marketing goals? Who determines them?

5. How do you assess the current marketing situation in terms of:
   a. The market share of the whole company and of the four units?
   b. Sales, prices, and profitability?
   c. Distribution situation (i.e., the efficiency of the marketing channel and geographical coverage.)?

6. Opening retail outlets (in the form of professional supermarkets) is a future objective that will be pursued to enhance the market positioning of Fattal Holding s.a.l. How will this benefit Columbus s.a.r.l.?

7. The profit making firms occupy one of six competitive positions, namely, dominant, strong, favorable, tenable, weak or nonviable. The strategies for dominant and strong firms usually are:
   1. Expanding the total market through new users, new uses, and/or more or the firm's products
   2. Defending market share
   3. Expanding market share

   Which of these strategies does Columbus s.a.r.l. follow (s) and what means does it use to achieve them?

8. Differentiation is the act of designing a set of meaningful differences to distinguish the company's offer from competitors' offers. The tools for competitive differentiation could be product lines, services, image, and/or personnel. Of course, the suppliers play a major part in this differentiation.

   What do you think are Columbus s.a.r.l.'s competitive differences?

9. How does your relationship stand with the suppliers and what are your responsibilities vis-à-vis the suppliers?

10. Who sets the major marketing plans and the shipment or sales targets?

11. Does every major unit have an exclusive sales team?
12. Does every major unit have an exclusive merchandising and promotion team?

13. Do the suppliers aid in providing training and direction to the sales force?

14. What are the reporting documents, i.e., market situation and competitive environment with the suppliers?

15. Who plans and pays for above-the-line activities (media) and for below-the-line activities (promotion)?
* Interviews with Mr. Nabil Iskandar, human resources manager at Fattal Holding s.a.l., Beirut.

**Dates:** 28 October 1993 and 8 November 1993

**Questions posed:**

1. Khalil Fattal & Fils was established in 1897 in Damascus. What were the major stages that it passed through to become a giant dominant establishment?

2. The **Values, Commitments, and Beliefs** Booklet of Fattal Holding s.a.l. states, "We regard honesty, trust, and loyalty as the foundation of our corporate culture". What is the corporate culture?

3. How did your company successfully overcome the harsh periods of war and military disorder?

4. What is the mission of Fattal Holding s.a.l.?

5. How many business companies compose Fattal Holding s.a.l.?

6. What are the domains of these companies and what are the major brands they handle?

7. Who are the members of the company's Board of Directors in terms of ranks? Who heads the board?

8. What are the prime responsibilities of the Board and how are long-range decisions taken?

9. Khalil Fattal & Fils company is a unique case; it is family-owned but it is managed and organized as a corporation. How is this?

10. How professional is the recruitment process? How do you assess a candidate for a specific job?
11. Who is involved in recruiting people for the marketing and sales jobs?

12. Does every sales and marketing employee have a written job description and who designs it?

13. What kind of training is provided for sales and marketing employees? How often? Who provides it?

14. Motivation is of prime importance to employee productivity and satisfaction. What kind (s) of motivation is/are given to the employee?

15. Other than the financial package, what kinds of incentives are discharged to the employee? What are the bases for these incentives?

16. How does your department deal with (or, handle) serious employee complaints?

17. The policy of "commissions on sales" was cancelled a couple of years ago. Why? Do you think the current practice of giving four to five months bonus salary per year as better?

18. Are there good communication and working relations between employees of different ranks?

19. Are there any problems between the sister companies forming Fattal Holding s.a.l.? Are there inter-department problems?

20. What are, in your opinion:
   a) Fattal Holding s.a.l.'s. major distinctive competencies and weaknesses? What does the company do to overcome and minimize the impact of these consequences?
   b) The main opportunities and threats facing the company (state those that are compatible with the company's resources and objectives)? To what extent are these shared by the thirteen Strategic Business Units forming the Holding Company?
* Interviews by author with Mr. Jihad Mneimneh, unit manager of Uniliver agency at Columbus s.a.r.l., Beirut.


Questions Posed:

A. Questions related to the Marketing Environment

i) To the Macroenvironment

1. How do you assess the current economic situation and what is the impact on Columbus s.a.r.l.?

2. What are the general demographic characteristics of the company's target market?

3. Do any of the demographic developments or trends pose threats or opportunities to the company?

4. What major changes in product technology are handled by Columbus s.a.r.l.?

5. What regulations and laws, such as price control and tariffs affect the marketing strategy and tactics?

6. What are the socioeconomic backgrounds of the company's target market as far as Uniliver, Gillette, Bristol myers Squibb, and Johnson & Johnson are concerned?

7. Technological competence is embodied in the production process and product quality of Uniliver, Gillette, Johnson and Johnson, and Bristol Myers Squibb Corporation. What are the competitive advantages for Columbus s.a.r.l.?
ii) The Microenvironment

1. Is the business mission clearly stated?

2. How does your relationship stand with Uniliver - the mother company? What are your responsibilities vis-à-vis the supplier?

3. What are the major market segments that constitute the unit's target market?

4. Who are your unit's major competitors? Do they have similar objectives and strategies to those of your unit?

5. Who are the main trade channels (i.e. wholesalers and retailers) in terms of characteristics that bring the products to the end user?

6. How effective is distribution? What are its strengths and weaknesses?

7. Briefly evaluate the reputation and major strengths, to the best of your knowledge, of Uniliver corporation.

8. Does Columbus s.a.r.l. share the warehousing facilities with its sister companies that form Fattal Holding s.a.l.?

9. Does Columbus s.a.r.l. share the financial activities with the other business companies of Fattal?

10. What are the roles of the advertising agencies that work for the four units, namely, Uniliver, Gillette, Johnson and Johnson, and Bristol Myers Squibb? How effective are they?

11. How effective are internal communications at Columbus s.a.r.l.?

12. Do you think internal marketing (i.e., the successful task of hiring, training, and motivating qualified employees to serve the customers well) is fully activated at Columbus s.a.r.l.?
13. How does coordination take place between the four units, namely Uniliver, Bristol Myers Squibb, Johnson & Johnson, and Gillette?

14. When serious conflicts arise between company employees, how are they resolved?

15. Are there any problems between marketing, accounting or personnel departments that need attention?

16. Are there any employees in marketing and sales that need training and motivation?

17. Are the company managers using enough marketing and market research?

18. Who does the marketing and market research? Is it done by the supplier, in-house and/or outside agencies? Which of these does Columbus s.a.r.l. follow and how?

B. Questions related to Columbus' marketing strategy, and marketing tactics

1. What are, in your opinion:
   a) Columbus s.a.r.l.'s major distinctive competencies and weaknesses? What does the company do to overcome and minimize the impact of these weaknesses?
   b) The main opportunities and threats facing the firm (state those that are compatible with the company's objectives and resources)?

2. What are the company objectives? Where does it want to reach in the intermediate run in terms of market share, profitability, sales growth, reputation?

3. Are the company objectives stated in the form of clear goals to guide marketing planning?
4. What are the marketing objectives that stem from the company objectives?

5. What is the marketing strategy for Columbus s.a.r.l. (i.e., what approach will be employed to reach the marketing and company goals? More specifically, market leaders, such as Columbus s.a.r.l., usually activate one of the following three strategies:
   a) Expand the total market.
   b) Defend market share.
   c) Expend market share.

   In conjunction with its suppliers, which of these strategies does Columbus s.a.r.l. employ?

6. Do you think the marketing strategy is optimal? Is it appropriate to the stage of the products life cycle, competitor's strategies, and the state of the economy?

7. What are the ways Columbus s.a.r.l. (of course with the major help of its suppliers) differentiates its offer from that of its competitors—such as product, service, personnel, and/or image differentiation?

8. What are employed tools for competitive differentiation?

9. As you stated, the vast majority of the products handled by Columbus s.a.r.l. are in the maturity stage of their product life cycle. The marketing strategies in the maturity stage are usually the following:

   a) Market modification. The company can try to expand the number of brand users through converting nouncers, entering new market segments, winning competitors' customers, and encouraging more frequent use, more usage per occasion, and new or more varied uses.

   b) Product Modification. The strategy here could be quality, features, and/or style improvement.

   c) Marketing-mix modification, i.e., modifying, expanding, or contracting the non-product elements of the marketing mix in search for ways to stimulate sales.

   Which of these strategies are utilized and what are the other criteria for selecting the marketing strategy?
10. Are enough resources budgeted to accomplish the marketing objectives?

11. Marketing tactical programs or business development strategies are the specific strategies related to the marketing mix elements that are carried out to fulfill the marketing strategy. With respect to your unit, discuss the decisions and policies concerning:

   a) Pricing: What are the factors taken into consideration other than the landed costs and net sales?
   b) Products: What are the products marketed and distributed in Lebanon? Are they distributed in all the national territories? If, no why?
   c) Promotion: Promotion mix element are many. What kinds are employed and why? (Here the researcher presents to the interviewee the different tools of promotion and publicity). Which media and advertising vehicles are selected.
      How do you assess the promotion situation?
   d) Physical distribution: (look at Question No. 6 under the Microenvironment section).

12. What are Uniliver products' market share figures for 1993? How do you compare them with those of 1992?

13. To what extent is there coordination of activities and sharing of expenditures with the supplier (Uniliver Corporation) for:
   a. Marketing and market information and plans?
   b. Above-line (media) activities?
   c. Under-line (promotion) activities?

14. What kinds of activities does Primo Group (Uniliver's unit advertising agency in Lebanon) perform?

15. Display is very important in the retail outlets since it is the place where the ultimate consumer handles and sees the products. What does your unit do to improve display and shelving?

16. What would you like to add in terms of Uniliver agency and the overall company activities and performance?
17. Finally, what are your prime job responsibilities, or your job description?
* Interview with Mrs. May Fayyad, unit manager of Bristol Myers Squibb agency at Columbus s.a.r.l., Beirut.

Dates: 9 November 1993 and 1 December 1993

**Questions posed by the researcher:**

A. Questions related to Columbus s.a.r.l.

1. What is the organizational structure and hierarchy of ranks at Columbus s.a.r.l.?

2. How effective are internal communications activated at Columbus?

3. Is internal marketing (i.e., the successful task of hiring, training, and motivating qualified employees to serve the customers well fully activated at Columbus s.a.r.l.)?

4. How does coordination of efforts take place between the four units, namely Bristol Myers Squibb, Uniliver, Johnson and Johnson, and Gillette?

5. What are, in your opinion:
   a) Columbus s.a.r.l.'s major distinctive competencies and weaknesses? What does the company do to overcome and minimize the impact of these weaknesses?
   b) The main opportunities and threats facing the firm (state those that are compatible with the company's objectives and resources)?

6. Briefly describe the mother company's financial position and goodwill.

7. What are the company objectives? Where does it want to reach in the intermediate run in terms of market share, profitability, sales growth and reputation?

8. What are the marketing goals that stem from the company objectives?
9. What is the marketing strategy for Columbus s.a.r.l. (i.e., What approach will be employed to reach the marketing and company goals? More specifically, market leaders, such as Columbus s.a.r.l., usually activate at least one of the following three strategies:
   a) Expand the total market
   b) Defend market share
   c) Expand market share
Which of these does Columbus s.a.r.l. follow and how?

10. The vast majority of the products handled by Columbus s.a.r.l. are in the maturity stage of their product life cycle. The marketing strategies in this stage (which are usually followed by the suppliers and their agents) are the following:
   a) Market modification. The company can try to expand the number of brand users through converting non-users, entering new market segments, winning competitors' customers, and encouraging more frequent use, more usage per occasion, and new or more varied uses.
   b) Product modification. The strategy here could be quality, features, and/or style improvement.
   c) Marketing mix modification, i.e., modifying, expanding, or contracting the nonproduct elements of the marketing mix in search for ways to stimulate sales.
What are the other criteria for selecting the marketing strategy?
What are the strategies being utilized?

11. How do you assess the current marketing situation in terms of the size and growth of the market, sales, and competitive situation?

12. How are the employees of this company motivated as compared to employees of similar companies who frequently nag about their work environment?

13. Distribution and physical handling for all the business companies forming the Holding firm are decentralized for the entire Lebanese regions (except East Beirut). What are the incremental benefits of this policy?
14. What is the financial arrangement between Columbus s.a.r.l. and its subagents?

15. Briefly discuss the physical situation as far as Columbus s.a.r.l. is concerned in terms of:
   (a) The extent of preserving the external environment.
   (b) The degree of safety the products offer to the user.

16. What are your prime job responsibilities?

B. Questions related to Bristol Myers Squibb unit

1. Comparing the actual results to the planned and projected ones, what is your opinion about your unit's marketing plan? In case of deviations, what were the underlying reasons?

2. What are the criteria for formulating the marketing plan?

3. For the sake of the unit's marketing plan, do you rely on information from sources outside the company?

4. Marketing programs or business development strategies are the specific strategies related to the marketing mix elements that are carried out to fulfill the marketing strategy. Discuss the decisions and policies concerning:
   a) Pricing: What are the factors taken into consideration other than the landed costs when pricing Bristol Myres Squibb's products? What is the markup on costs and net sales?
   b) Products: From the wide variety of Bristol Myers Squibb's products available in host countries, why is there only two products marketed in Lebanon?
   c) Promotion: Promotion mix elements are advertising, personal selling (or direct marketing), sales promotion, and publicity. Each tool has its own unique characteristics and costs. As far as your unit is concerned, which of these is used and why? (Here the researcher presents the interviewee with the different tools of promotion that fall under sales promotion and publicity). Which media and advertising vehicles are selected?
d) Physical distribution:
   i) Is there adequate market coverage?
   ii) How effective are the distribution channels?
   iii) Should the company consider changing its decentralization policy?

5. What are the market share figures for Bristol Myers Squibb's products for 1993 in Lebanon? How do you compare these figures with those of 1992?

6. To what extent is there coordination of activities and sharing of expenditures with the supplier (Bristol Myers Squibb Corporation) for:
   a. Marketing and Market information and plans?
   b. Above-the-line (media) activities?
   c. Under-the-line (promotion) activities?

7. What kinds of activities does Intermarkets (Bristol Myers Squibb's advertising agency in Lebanon) perform?

8. Display is very important in retail outlets since it is the place where the ultimate consumer handles and sees the products. What does your unit do to improve display and shelving?

9. What would you like to add in terms of Uniliver's unit and the overall company's activities and performance? Would you like to give any recommendation or advice, or state any drawback that Columbus s.a.r.l. should take into consideration?
Interview with Mr. Georges Nehme, unit Manager of Johnson and Johnson agency at Columbus s.a.r.l., Beirut.

Date: 12 November 1993

Question posed:

A. Questions related To Fattal Holding s.a.l.

1. What are, in your opinion, Fattal's major strengths in the Lebanese market place?

2. How does coordination take place between the sister companies forming Fattal Holding s.a.l.?

3. The marketplace always praises Fattal employees for being dedicated, cooperative, and continuously on the run toward achieving their responsibilities? What are the major reasons for this reputation?

4. What are the responsibilities and duties of the Board of Directors in terms of corporate decision making and strategy formulation? Does the Board directly interfere with the activities of Columbus s.a.r.l.?

5. How do you evaluate the incentive system at Fattal? Are employees, in general, sufficiently motivated to achieve acceptable productivity level?

B. Questions related to Columbus s.a.r.l.

1. As far as Johnson and Johnson products are concerned, what major changes are occurring in product technology?

2. What is your relationship with the suppliers and what are your responsibilities toward them?
3. What are, in your opinion:
   a) Columbus s.a.r.l.'s major distinctive competencies and weaknesses? What does the company do to overcome and minimize the impact of these weaknesses?
   b) The main opportunities and threats facing the firm (state those that are compatible with the company's objectives and resources)?

4. What is the marketing strategy for Columbus s.a.r.l.? (i.e., What approach will be employed to reach the marketing and company goals). More specifically, market leaders, such as Columbus s.a.r.l., usually activate one of the following three strategies:
   a) Expand the total market
   b) Defend market share.
   c) Expand market share.
   Which of these strategies does Columbus s.a.r.l. in conjunction with its suppliers use?

5. Is the company using the best basis for market segmentation? Does it have sound criteria for rating the segments and choosing the best ones?

6. What are the market share figures for Johnson and Johnson products or product lines in Lebanon for 1993? How do you compare them with those of 1992?

7. Marketing tactical programs or business development strategies are the specific strategies related to the marketing mix elements that are carried out to fulfill the marketing strategy. With respect to your unit, discuss the decisions and policies concerning:
   a) Pricing: What are the factors taken into consideration other than the landed costs when pricing Johnson & Johnson Products.
   b) Products: What are the products marketed and distributed in Lebanon. Are they distributed in all the national territories?
   c) Promotion: What kind of promotional tools are used? Where? Which media and advertising vehicles are selected?
   d) Distribution: Is it optimal? If no, what are its loopholes?
8. Comparing the actual results to the planned and projected ones, what is your opinion about your unit's marketing plan? In case of deviations, what were the underlying reasons?
* Interview by Mr. Georges Homsi, unit manager of Gillette agency at Columbus s.a.r.l., Beirut.

Date: 9 November 1993

Questions posed:

1. What are, in your opinion:
   a) Columbus s.a.r.l.'s major distinctive competencies and weaknesses? What does the company do to overcome and minimize the impact of these weaknesses?
   b) The main opportunities and threats facing the firm (state those that are compatible with the company's objectives and resources)?

2. Do you think that Columbus s.a.r.l.'s marketing strategy is optimal? Is it appropriate to the stage of the products' life cycle, competitors' strategies, and the state of the economy?

3. Are enough resources budgeted to accomplish the marketing objectives?

4. Marketing tactical programs or business development strategies are the specific strategies related to the marketing mix elements that are carried out to fulfill the marketing strategies. With respect to your unit, discuss the decisions and policies concerning:

   a) Pricing: What are the factors taken into consideration other than the landed costs when pricing Gillette's products?
   b) Products: What are the products marketed and distributed in Lebanon. Are they distributed in all the national territories?
   c) Promotion: What kind of promotion elements are utilized? Where? Which media and advertising vehicles are selected?
   d) Distribution: Is it optimal? If no, what are its loopholes?

5. What are the market share figures for Gillette's product lines in Lebanon for 1993? How do you compare them with those of 1992?
6. Comparing the actual results to the planned and projected ones, what is your opinion, in your unit's marketing plan? In case of deviations, what were the underlying reasons?

7. Harmony and integration between a company's different departments or units are essential for a company's health? With respect to Columbus s.a.r.l, how effective and sincere is coordination between the four units and between the managers and their subordinates?
* Interview with Miss Andre Saâdeh, head of promotion team at Columbus s.a.r.l., Beirut.

Date: 26 November 1993

Questions posed:

1. What are your prime responsibilities and duties?

2. How do you manage the promotion team?

3. What kinds of consumer-oriented sales promotions (the researcher states all kinds) do you supervise?

4. What do you think of the effectiveness of those promotional tools?

5. Do you think the current consumer sales promotion tools are effective and sufficient?

6. Do you believe that maintaining a unified promotion team for the four units, namely, Gillette, Uniliver, Bristol Myers Squibb, and Johnson & Johnson, is better? Should Columbus s.a.r.l. establish a team for every unit?

7. Sales promotion as well as other promotion tools are designed, planned, and budgeted by the suppliers. How does coordination take place?

8. Who provides training for the promotion team? Is it sufficient and adequate?

9. House gatherings which fall under direct marketing are a new tool in Lebanon. How is it carried out? In which geographic regions are they held? How do you assess their effectiveness?
* Information sent through facsimile from Mr. Mohammed Harazallah, marketing manager at Johnson & Johnson Corporation, Dubai, U.A.E. (Questions transmitted on 15 November 1993 and answers received on 27 November 1993, Dubai.)

Questions posed:

1. Briefly, why is Johnson and Johnson the world's largest and most comprehensive manufacturer of health care products serving the consumer?

2. What are the marketing strategies for differentiating and positioning the product lines marketed in Lebanon?

3. Does Johnson and Johnson pay the expenditures for above-the-line and under-the-line activities?

4. For the majority of its consumer health care products, what are their product life cycle? What are the corresponding strategies and tools?

5. In the past two decades, the birth rate slowed down. How did Johnson and Johnson successfully develop a new class of users, namely, the adults?

6. Columbus s.a.r.l. is an agent and distributor for Johnson and Johnson. How does coordination take place? What kind of resources does the mother company provide Columbus with?

7. Does Johnson and Johnson aid in training and motivating the sales force?

8. In your opinion, how does the company's sales force compare to the competitors' sales force?

9. To what extent does Johnson and Johnson interfere in pricing? In profit margins?
10. Are there "regional" prices for Johnson and Johnson products? If so, why?

11. Do you think that distribution for Johnson and Johnson's products in Lebanon is optimal? If not, what should be done?

12. What are the corporation's advertising objectives? Is the budget for Lebanon adequate?
 Interviews with Mr. Georges Nassar, regional manager (Lower Gulf) at Gillette Corporation, Dubai, U.A.E., and ex-unit manager of Uniliver division at Columbus s.a.r.l., Beirut.

Dates: 17 November 1993 and 27 December 1993

Questions posed:

A. Questions related to Gillette Corporation

1. In light of the four basic elements that have generated worldwide favorable results, i.e., investment in growth drivers, core product categories compatible with the global market place, product categories suited to innovations, and continuing technical mastery, what are the marketing objectives and strategies for Lebanon or the surrounding region?

2. Gillette company is characterized by product categories suited for innovation. How does this factor enhance the company's marketing and financial position?

3. How does Gillette's relationship stand with Columbus s.a.r.l., its agent in Lebanon? Is there effective coordination? If so, how does it take place and in which domains?

4. Who sets the major marketing plan and the shipment or sales targets in Lebanon?

5. What kind of help and information do you provide the agent in Lebanon? What are the reporting documents with the agent, such as market situation studies and consumer behavior analysis? Does Columbus s.a.r.l. bear any of this cost?

6. Who is responsible for above-the-line and below-the-line activities? Does Gillette bear the cost for these activities and tools?
7. As an employee at Gillette Corporation, how do you assess the performance of Columbus s.a.r.l. in terms of promotion and physical distribution?

8. Does Gillette recommend or enforce the pricing decisions (of products) on Columbus s.a.r.l.? Is there some kind regional pricing?

9. Does Gillette International engage in training and supporting the sales team? The promotion team?

10. Are there some kinds of incentives that Gillette provides for the Gillette unit employees at Columbus s.a.r.l.?

11. As far as promotion is concerned, how does Gillette plan the promotion strategy and mix for Lebanon? To what extent does it rely on information from its agent?

12. As far as Gillette Corporation is concerned, what do you think are:

   a) Columbus s.a.r.l.'s major distinctive competencies and weaknesses?

   b) The main opportunities and threats facing the firm?

B. Questions related to Columbus s.a.r.l.

1. What are the major market segments that constitute Gillette's target market in Lebanon? Does Columbus s.a.r.l. identify and serve them effectively?

2. How effective is distribution? What are its major strengths and weaknesses?

3. What are the activities and functions performed by Fortune Promo Seven, the advertising agency for Gillette in Lebanon?
4. How effective is internal communication at Columbus s.a.r.l.? Is internal marketing (the successful task of hiring, training, and motivating qualified employees to serve the customers well) fully activated?

5. What is the marketing strategy for Columbus s.a.r.l.? Does it coincide with that of Gillette for Lebanon?

6. For Gillette unit at Columbus s.a.r.l., what are the promotion tools used? Why?

7. What are the ways Columbus s.a.r.l. differentiates its offer from that of competitors, such as product, services, personnel, and/or image differentiation?

8. What is the product life cycle for the majority of Gillette's products handled by Columbus s.a.r.l. in Lebanon? What are the corresponding marketing strategies?

9. What do you think about the intermediate future for Columbus s.a.r.l. in terms of distribution effectiveness, market share, and the whole marketing management process?

10. Do you think Columbus s.a.r.l. is the "best" distributor for Gillette's products in Lebanon? Why or why not?

11. What are the intervals of the markup on costs and net sales for Columbus s.a.r.l.'s products or product lines?
Interviews with Mr. Paul Geadah, co-owner of Geadah Bros.; Beirut.

Dates: 7 December 1993 and 18 January 1994

Questions posed:

1. Fattal Holding s.a.l.'s companies have been, for a long time, gaining a lot of agencies from their rivals in the Lebanese market place. How does this occur?

2. Why have no other commercial companies in Lebanon succeeded in reaching the position that Fattal has reached?

3. Fattal's reputation is excellent in the market place and the suppliers admire its performance. Do you think its behavior and conduct is fair and ethical?

4. As a competitor to Fattal group of companies, do you have good relations with some of Fattal's managers? Is there some kind of coordination between Fattal and its rivals?

5. Do you think Fattal Holding s.a.l. should go into the retail business? Since it holds a wide array of products, what are the advantages and disadvantages?

6. The operations of many commercial companies have been disrupted during the war due to the economic instability and chaos. Fattal could survive and continue its operations in the different Lebanese regions. What do you think were the actions that the company took to counter these developments?

7. In your opinion, with respect to the nonproduct marketing mix elements, what portion of the credit goes to Columbus s.a.r.l. and what portion goes to the suppliers (the multinational ones)?

8. How do you rate Fattal Holding s.a.l in terms of conducting market and marketing and consumer behavior studies?
9. In general, does Fattal understand its customers (wholesalers, retailers, and end consumers) better than its rivals do? If no, why?

10. Do you think that Fattal Holding s.a.l.'s group of companies allocates, of course in conjunction with the suppliers, the marketing resources, such as the sales force, promotion, advertising, pricing, and physical distribution, optimally to the non-product elements of the marketing mix?

11. As a competitor to Fattal Holding s.a.l., what are, in your opinion:
   a) Columbus s.a.r.l.'s major distinctive competencies and weaknesses? To the best of your knowledge, what does the company do to overcome and minimize the impact of these weaknesses?
   b) The main opportunities and threats facing Columbus s.a.r.l.?
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