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# **Women and the Cosmetics Business in Lebanon**

**A**

**Case Study**

**By**

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## PREFACE

With the rapid growth of the cosmetics industry in Lebanon and with the continuous presence of new brands at low prices in the market, the foreign cosmetics products are still in dominance. The reasons behind this are many.

The fact that the Lebanese mentality is oriented towards the purchase of foreign brands, builds in oneself a sense of curiosity for knowing the reasons behind this purchasing behavior.



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Behavior is influenced by certain factors which include the product, packaging, all of which are known as the "marketing-mix tools". In have been studied, one which is foreign and is the leader in sales "some", and the other which is domestic "Dali" and also proved to me in Lebanon.

that although the Lebanese industry is growing fast, it is not reign competition. The reasons are presented in this study and a dation are illustrated in the end.

*To,  
Father, Mother,  
Elias, Bassem,  
and my beloved  
husband Elie ....*

## **CHAPTER ONE**

### **INTRODUCTION**

The Lebanese Cosmetics Industry is rapidly growing but not to the extent of being capable to compete with the foreign products. Why?

The answers will be covered in the chapters to come, where two brands of lipsticks are chosen among the foreign and domestic products that have proved to be based on statistics the leaders in volume sales among their categories of super-premium and mass products respectively.

#### **1.0 Statement of the problem**

The Lebanese cosmetics firms are facing many problems. Since they vary in number we have chosen "S.L.E.E" as an example to study the way lipsticks are produced, the marketing mix procedures followed and the consumers' opinion in the Lebanese lipstick mainly "Dali", which is a lipstick formulated and distributed by S.L.E.E. This brand faces a lot of competition from the foreign and domestic lipsticks. However, the firm would have grown faster and bigger and ready to compete with imported lipsticks had it not faced some problems.

These problems will be discussed in later sections



### **1.2 Statement of the Purpose**

This case study will try to convey an analysis of the marketing mix strategy of two brands one that is imported and the other that is domestic. Moreover, to find out the percentage of women who buy lipsticks, their preferences and their opinion. If the data found proved that most women buy foreign lipsticks, then we have a problem in the domestic lipstick which will also be conveyed through the questionnaire. Then hopefully this study will show the managers their point of weaknesses and eventually try to improve them.

### **1.3 Methodology**

The chapter to follow will review some literature about cosmetics, and thereafter a review about the marketing mix strategies used by managers for all products in general, and the consumers' behavior in the purchasing decision.

Moreover, it will reveal the historical background of Lancome, its marketing mix strategies (the 4p's product, price, place, and promotion), on one hand, and a review of the historical background of S.L.E.E., the marketing mix strategies, and the problems they face.

Chapter Three will present the methodology and tools used for designing the questionnaire.

Chapter Four presents the interpretation of the statistics revealed and hence an analysis of these findings

Finally Chapter Five concludes and recommends as an attempt to increase the strengths and eliminate the weaknesses.

#### **1.4 Limitations of the Study**

Throughout the study data was obtained through researches. Yet, since the information was obtained through two types of questionnaires given to production managers and consumers, we cannot but take into consideration that some gave inaccurate data when it comes to sales volume and pricing strategies.

The reasons behind this reluctance is that they consider such information as confidential and they fear that they will be spread to competitors.

## **CHAPTER TWO**

### **Literature Review**

#### **2.0 Cosmetics: An Introduction**

Cosmetics do more than simply maintain or beautify the external body. Cosmetics have always been a means for people to see, smell, and touch the world around them, as well as other fellow humans. These encounters involve their view of mankind, and their understanding of the world. However, the religious and the cultural spheres had a great impact on and has provided substantial impulse in the development and direction of cosmetics.

For example, for many African tribes, the initiation ceremonies for boys and girls into adulthood involves painting the bodies white to symbolize the death of childhood and subsequent rebirth as an adult. In India, a small white dot on the lower forehead indicates membership by women only in the Brahman caste.

#### **2.1 Influences on Cosmetics Emergence**

The clashing influences of Hellenistic and Christian philosophies gave rise to much hostility towards cosmetics. Yet, because humans have no choice in society but to begin with their exteriors, that people are “anthroposkosmetikos” they emerged from this philosophical stalemate to adopt a more characteristic approach to cosmetics: the tonsure of the monk indicated his accessibility to godliness; in the eleventh chapter of Paul’s first letter to the Corinthians he advises pious women and girls to wear

longer hair styles; crusaders often had themselves tattooed with a cross, so that in the event of their death, they could be identified for a Christian burial.<sup>1</sup>

Although cosmetics are undoubtedly the result of a basic human urge, an urge to have the look, they remain in the crossfire of criticism . Why? Primarily because cosmetics accentuate the body . Personal motives or tastes, however, are subject to debate. Influencing the body's outward appearance can be seen as narcissistic, vain or even unattractive . During the early 1960's of this century the mop hair style of the Beatles was controversial. Today noses still turn up at a punk Mohawk art. All in all, cosmetics not only follow society's general trends which can resist change for decade, but also reflect short-lived fashion fads giving cosmetics an image of superficiality.

From these discussions one can understand the splendor and the allure of cosmetics. The word "cosmetics" itself betrays an ambivalence. "Ho kosmos" is Greek for "beauty from order". In ancient Sparta, the "kosmetes" was a highly respected official with considerable mitigation authority, but soon the same root "he kosmeter" came to denote a vain and insincere cleaning maiden.<sup>2</sup>

## 2.2 Cosmetics in the Early Ages

From prehistoric discoveries in Alicante and Lascaux, one knows that even then women applied a red color to their faces or lips. Similar practices have been maintained in the remote regions of the world to this day. For example, the Jivaro Indians of the Amazon paint themselves with distinctive patterns, and Papua men paint their faces and wear bright feathers from the bird of paradise to bring out their

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<sup>1</sup> Wilfried Umbach, *Cosmetics and Toiletries, development, production and use*, (English Edition, Ellis Horwood 1991), p.1

<sup>2</sup> *Ibid.*, p.2

attractiveness and masculinity. Assyrians, Chaldeans, and Babylonians all burnt aromatic materials, resins, special woods and fragrant gums in public temples or in home shrines, therewith sowing the seeds for perfumes and colognes later.

Ancient Egypt can be considered the cradle of cosmetics existence. Cleopatra (69-30 B.C) was noted for her artful use of kohl, her paint and powder, and her tinted nails and palms. Both sexes used red pigments on their lips and cheeks, traced their eyebrows with antimony, and colored their eyelids with pulverized malachite. For hair coloring, henna and indigo were used extensively.<sup>3</sup>

With its uniformity and integration of diverse cultures and world views, Christianity was eventually able to become the dominant way of life in the West. It's hostility to the physical side of life especially strong in the times of the early Church Fathers, proved to be a negative influence on cosmetics. Emperor Theodosious went so far as to forbid all public baths and nude sports activities in 395 A.D.<sup>4</sup>

### 2.3 Cosmetics in the Middle Ages

The ups and downs of the evolution, cosmetics became obvious with the examination of history. The Christian Middle Ages placed value on one's immortal soul, and as a result, condemned the vanity behind beauty products. But, from the Renaissance onwards man began to free himself of the Church's spiritual and clerical dominance, becoming instead, his own measuring stick. As a result, people began to

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<sup>3</sup> Ibid., p.4

<sup>4</sup> Ibid., p.5

place great value on outward appearance. However, even in one's rational, contemporary time, one still encounters ambivalent attitudes toward cosmetics.<sup>5</sup>

#### **2.4 Early Modern Period**

During the early Christian era, cosmetics disappeared along with other cultural niceties in Europe. A revival occurred when the Crusaders returned from the Holy Land with cosmetics and scents from the East. By the beginning of the Renaissance, the Italians led in the development of skin care and beautifiers, with lotions, creams, powders, and pastes. In France, both men and women of rank used makeup; the bluebloods painted the veins on their temples a bright blue to contrast with the skin, which was carefully whitened with almond paste.

In England, Elizabeth I was noted as an amateur perfumer and cosmetician. Beauty aids of her era included white-lead face powder mixed with ground orris; rouge made from red ocher. In both Europe and America, well into the 18th century, masks were worn outdoors by elegant persons to protect their complexions.

By the end of the 19th century the lavish use of cosmetics was confined to the demimonde. Most Victorian women in both England and the United States restricted themselves to a discrete use of white rice powder, cucumber cream, lemon juice, rose water, and such less sophisticated aids as powdered chalk or fresh beetroot to enhance their complexions.<sup>6</sup>

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<sup>5</sup> Ibid., p.2

<sup>6</sup> Americana Encyclopedia, vol.8, p.34.

## 2.5 Cosmetics Today

A giant step toward modern cosmetics occurred in the mid-19th century when aniline dyes were developed greatly broadening the color range available for beauty aids. Today's cosmetics industry credits its growth not only to such technical advancements, and to the emancipation of women, but also to the availability of mass media to inspire and instruct. Television, films, and popular publications bring new cosmetic practices to the attention of every woman. The introduction of new products, such as pancake makeup, and of convenient packaging, such as the makeup stick, have greatly increased sales in this highly competitive market.<sup>7</sup>

Yet, since cosmetics as a subject for discussion is very broad and includes all types of products related to skin, face, eyes and lips; the main emphasis of this thesis project will be limited to the lip products i.e; mainly lipsticks: the marketing mix ( the 4p's ), structure of distribution, and the consumer purchasing decision. But before discussing that particular issue of lipstick, one must learn and know in general the basic general concept behind each term to be discussed.

## 2.6. Marketing-Mix

By definition, the marketing mix is “ *the set of marketing tools that the firm uses to pursue its marketing objectives in the target market.*”<sup>8</sup> There are a various number of marketing-mix tools, “ McCarthy popularized a four factor classification of

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<sup>7</sup> Ibid., p.34

<sup>8</sup> Philip Kotler, Marketing Management Analyses, Planning and Control, (Prentice Hall 7th Edition), 1991, p. 68.

these tools called the four Ps: *product, price, place (i.e; distribution), and promotion.*"<sup>9</sup>

## 2.6.1 Product

### 2.6.1.1 *What is a product?*

By definition the product is "*anything that can be offered to someone to satisfy a need or want.*"<sup>10</sup> Moreover, it is "*anything that can be offered to a market for attention, acquisition, use, or consumption that might satisfy a want or need*"<sup>11</sup>. Most products are physical products (or goods), such as automobiles, toasters, shoes, eggs and books. But services-such as haircuts, concerts, and vacations are also products (sometimes called service products). One can also think of *persons* as products not that one can buy them but in a sense that one can buy what they produce such as Michael Jackson whose records could be bought and his concerts could be attended. *Places* are sometimes considered products in that one can buy a land there or take a vacation.

Even an *idea* can be marketed such as a family planning or safe driving, in the sense that we might adopt the behaviour associated with the idea. Thus we say that products "*consist broadly of anything that can be marketed, including physical objects, services, persons, places, organizations, and ideas.*"<sup>12</sup>

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<sup>9</sup> Ibid., p.68

<sup>10</sup> Ibid., p.5.

<sup>11</sup> Ibid., p.429.

<sup>12</sup> Ibid., p.429



### 2.6.1.2. Product Levels

In planning its market offer or product, the marketer should think of the 5 products levels: <sup>13</sup>

i. The most fundamental level is the “**core benefit**”, that is the benefit the customer is buying. In the case of a hotel, the guest is buying “rest and sleep”, women are buying “hope” when purchasing a lipstick, and the purchasing agent is buying “holes” in the case of drills.

ii. The **generic product** is the second level, namely a “basic version of the products”. Thus a hotel would consist of a building that has a lobby, a desk, and deluxe rooms for rent.

iii. The third level consists of the marketer preparing for an “**expected product**”, namely a set of characteristics and features that are expected by the buyer. For example a smooth-flowing hyperanti allergic, long-lasting, lipsticks are expected.

iv. “**An augmented**” product is prepared by the marketer in the fourth stage. The marketer includes other characteristics and benefits provided that differentiate it from its competitors. Today’s competition takes place primarily at the product-augmentation level.

According to Levitt, “*the new competition is not between what companies produce in their factories, but between what they add to their factory output in the form of packaging, services, advertising, customer advice, financing, delivery arrangements, warehousing, and other things that people value*”.<sup>14</sup>

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<sup>13</sup> Ibid., p.429-430.

<sup>14</sup> Ibid., p.430.

v. The “**potential product**” stands at the fifth level. Here, the company would build a product to reach its ultimacy in the future, not only to satisfy the consumer but also to bring delight through the new ways and innovations offered that distinguish it from its competitors. Delighting is “a matter of adding unexpected surprises to the offer”.

### ***2.6.1.3 Packaging and Labeling***

When a product enters the market it should be packaged and labeled. Packaging can play a minor role as with inexpensive hardware items, or a major role as with cosmetics. Some packages are well-known as a bottle of Coke. Many marketers consider packaging a “fifth P” along with product, price, place and promotion, whereas others prefer to include the packaging item under the product strategy.

#### **a. The Importance of Packaging**

Packaging is defined as “the activities of designing and producing the container or wrapper for a product”.<sup>15</sup> The package is classified into three levels of material:

1. The primary package, the products’ immediate container,
2. The secondary package, the material that protects the primary package and is removed when the product is to be used; and
3. The shipping package, is packaging essential for storage, identification, or transportation.

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<sup>15</sup> Ibid., p.449.

## **b. Package Design**

Today, packaging has become a powerful marketing tool. Well-designed packages can create convenience value for the consumer and promotional value for the producer. A variety of factors have contributed to the growth of packaging as a marketing tool :<sup>16</sup>

i. **Self-service**: Some products are sold on the self-service shelves of supermarkets and discount houses. Here, the package attracts attention, to the features, builds consumer confidence, and provides a favorable impression.

ii. **Consumer affluence**: Some consumers are ready to pay more for a package that offers convenience, look, dependability, and prestige.

iii. **Company and brand image**: Well-designed packages provide instant recognition of the brand. For example, the yellow packaging of a Kodak film is immediately recognized.

iv. **Innovative opportunity**: New innovative packaging will bring satisfaction and benefit to the consumer on one hand and profits to the producer on the other hand.

Therefore developing an effective package for a new product requires several decisions. The first is to establish a packaging concept. The packaging concept "defines what the package should basically be or do for the particular product".<sup>17</sup> Several packaging elements should be the basis of decisions as the size, shape,

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<sup>16</sup> Ibid., p.449

<sup>17</sup> Ibid., p.450.

materials, color, text, and brand mark. All those elements should be in harmony, for example, the size with materials and colors.<sup>18</sup>

### **c. Package Test**

After the package is designed, it should be tested. This should be done through several tests e.g., the engineering tests to ensure that the package stands under normal conditions; the visual tests, to ensure that the script is legible and the colors harmonious; dealer tests, to ensure that dealers find the package attractive and easy to handle; and consumer tests, to ensure consumer satisfaction through their response.<sup>19</sup>

### **d. Functions of Packaging & Labeling**

The functions of packaging could not but be noticed in the way it provides satisfaction and attraction for the consumers. To this end, companies may pay hundreds of thousands of dollars extra in the process of designing and developing effective packaging and labeling. The label may be a simple tag attached to the products or a designed graphic that is part of the package. The label may carry the brand name or more information about the product.

The functions attributed to the labeling of a product are various. First of all the label identifies products from each other. It might also grade the product, describe who made it, where it was made, when it was made, what it contains, how it is to be used, and how to use it safely. Finally, the label might even promote the product through its attractive graphics.

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<sup>18</sup> Ibid., p.450

<sup>19</sup> Ibid., p.450.

Therefore, it is quite obvious the term product is, in fact “ the most basic marketing-mix tool, which stands for the firm’s tangible offer to the market, including the product quality, design, features, branding and packaging.”<sup>20</sup>

## **2.6.2. Price**

### **2.6.2.1. *What is Price ?***

Throughout history, prices were set by buyers and sellers negotiating over a product with each other. Sellers would ask for a high price and the buyers would offer a lower price. With bargaining, they would reach at a price. Hence price is the only marketing tool that generates a revenue; all other elements produce costs.

Price is an important element in meeting the consumer’s needs. Price and pricing policies are among the most important problems that confront management.

Yet, the business manager setting a price on his goods today has to consider consumer demand, competition, political consequences, legal aspects, and even ethical aspects of pricing. In addition he must consider his own costs, the cost of channels he uses to reach the market, and the various activities he has to perform in connection with the sale, such as advertising and promotion, personal selling, freight, handling costs, discounts and allowances, and the like. Furthermore, the product itself and what it will do for the buyer, has a great deal to do with the price at which it will sell.<sup>21</sup>

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<sup>20</sup> Ibid., p.70.

<sup>21</sup> Grolier, Modern Business Marketing, Alexander Hamilton Institute 1962, p.273-275.

### 2.6.2.2. Pricing Policies

The manufacturer is not completely free to set his own pricing policies. But any good pricing policy must be aimed at offering a reasonable price to the consumer, insuring a fair return on investment to the manufacturer, permitting reasonable growth, and providing reasonable price stability. In addition, a good pricing policy should meet competition and comply with legislative requirements.

#### A. Choices for setting the Price

One pricing policy is a global policy set by multinationals. However, companies have three choices in setting their international prices:<sup>22</sup>

1. *Setting a Uniform Price Everywhere:* Thus The French cosmetics and fragrance company, Chanel, might want to charge \$X for a lipstick. But this might be too high a price in poor countries and not high enough in rich countries.
2. *Setting a Market-Based Price in Each Country:* Here Chanel would charge what each country would bear. But this ignores differences in the actual cost from country to country. It also would lead to a situation where middlemen in low-price countries transshipped their Chanel to high-price countries.
3. *Setting a Cost-Based Price in Each Country:* Here Chanel would use a standard markup of its costs everywhere. But doing this might price Chanel out of the market in certain countries where its costs are high.

<sup>22</sup>

Philip Kotler, Marketing Management Analyses, Planning and Control, (Prentice Hall 7th Edition), 1991, p. 420.

### ***2.6.2.3. Selecting the price***

Correct pricing involves finding the best possible exchange value for the product. The modern manufacturer must not only know the worth of his products , but also he must know what competition offers, what substitutes are available and the relative efficiency of the various channels of distribution. In addition, the manufacturer must have a good understanding of costs and he must understand or try to understand what constitutes value in the eyes of the consumer. Thus the firm or the manufacturer must take into consideration several factors in order to set the correct price.

### **B. Selecting the Pricing Objective**

First of all, once the target market and the market positioning are selected , the pricing strategy will be easy to set. Behind setting the price the company aims at pursuing several objectives:<sup>23</sup>

a. One of these objectives is the survival of the company which is much more important than profit itself. To maintain its survival, the company sometimes will cut prices. As long as inventories are turning over, and prices cover the variable costs and some fixed costs, the company is on the safe side and is still in business. But this is considered a short-term objective. Its long-term objective is to learn how “ to add value or face extinction”.

b. Maximizing current profit is the second objective sought by a firm. In such a case firms try to estimate the demand and costs analogous with alternative prices and

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<sup>23</sup>

Ibid., p.476.

select the price that incurs maximum current profit, cashflow, or rate of return on investment.

#### ***2.6.2.4. Steps in Setting the price***

Moreover, selecting the price is based on knowing about the "three C's" which are customer's demand schedule, cost function and competitor's prices.<sup>24</sup>

##### **i. Demand Schedule**

The firm has to determine the demand schedule which shows the probable quantity purchased per period at alternative price levels. The more inelastic the demand, the higher the company can set its price. For instance in the case of prestige goods the demand curve is sometimes positively sloped. A cosmetics firm like Lancome for example, cannot but raise its prices since it found that the higher are the prices of its products the higher were its volume sales. This is a fact since customers believe that a higher price signifies a better product, (the price-quality relationship).

##### **ii. Estimating Costs**

"Demand sets a ceiling to the price that the company can charge on its product. And company costs set the floor"<sup>25</sup>. The firm usually sets a price to cover its cost of production, distribution, and selling including a fair return for its efforts and uncertainty. The two costs the company faces are the fixed and variable costs. Fixed costs are the costs that stay constant with production or sales revenue. These are in the

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<sup>24</sup> Ibid., p.478-482

<sup>25</sup> Ibid., p.480.



form of salaries, bills, rent, and interest expenses and the like which have to be paid with or without output.

The variable costs are associated with the production level. These expenses include the cost of materials, packaging and processing which vary with the output. The sum of both costs is the total costs.

### **iii. Competitors' Prices**

Prices could be set by knowing and learning about the competitor's prices. To do that, the company must know about the quality and price of competitor's offer. Thus there are several ways to gather such information. One way is to send researchers to price and compare the competitor's offers. The firm can obtain the product or even acquire a price list. Moreover, the firm can ask buyers how they view the price and quality of the competitor's offer. Once all this information are gathered the firm can use them as an orienting point to set their prices. Yet, if the product offered by the firm is similar in quality and brand image to the competitor's offer, the firm cannot but price close to the latter's.

Knowing the three C's, i.e; the customer demand schedule, the cost function and the competitor's prices, the company would be able to set its price on the products. The price will be somewhere between one that is too low to produce a profit and one that is too high to produce a demand.

### **2.6.3. Place**

The term place is another key marketing-mix tool that stands for the various activities the company undertakes to make the product easily accessible and available to target customers. The company must identify, recruit and link various intermediaries and marketing facilitators so that its products and services are efficiently delivered to the target market. The firm understands the various types of retailers, wholesalers, and physical-distribution firms and how they make their decisions.

A more intensified illustration will be presented in the section under Structure of Distribution for the similarity of those two items.

### **2.6.4. Promotion**

Promotion the fourth marketing-mix tool stands for the various activities the company undertakes to communicate its products' merits and to persuade target customers to buy them. The company has to hire, train, and motivate salespeople to promote its products to middlemen and other buyers. It has to set up communication and promotion programs consisting of advertising, direct marketing, sales promotion, and public relations.<sup>26</sup>

#### **2.6.4.1. *Advertising***

By definition advertising is "any paid form of nonpersonal presentation and promotion of ideas, goods, or services by an additional sponsor"<sup>27</sup>. In designing any

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<sup>26</sup> Ibid., p.70

<sup>27</sup> Ibid., p.567.

communication and promotion, the target audience should be identified. Then one can proceed in developing the five major decisions in the advertising program known as the "five M's" - mission, money, message, media, measurement.<sup>28</sup>

### **A. Mission**

The first step set by the advertiser is to draw the objectives. These objectives are further classified into those that are aims at informing, persuading or reminding. Herebelow a definition of each one would be stated:

#### *i. Informative advertising*

1. Tells the market about a new product
2. Suggests new uses for the product
3. Informs the market of a price change
4. Explains how the product works
5. Describes available services
6. Corrects false impressions
7. Reduces consumers' fears
8. Builds a company image

#### *ii. Persuasive Advertising*

1. Build brand preference

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<sup>28</sup>

Ibid., p.496-498.

2. Encourage switching to the brand
3. Change customer's perception of products attributes
4. Persuade customers to purchase now
5. Persuade customers to receive a sales call

#### *ii. Reminder Advertising*

1. Remind customers that the product will be needed in the near future
2. Remind them where to buy it
3. Keep it in their minds during off seasons
4. Maintaining its top of mind awareness

The choice of an advertising program should be based on a thorough analysis of the current marketing situation . For example if the product class is mature and it is the leader, yet the brand usage is low, in this case the advertising should be oriented towards stimulating more brand usage.

#### **B. Money**

Once the advertising objectives are determined, the company seeks to set a budget for its advertising campaigns. Advertising plays the role of aiming to increase the demand and the volume sales. But does a company know how much to spend and if it is spending the right amount?

Sometimes the company might spend little leaving low impact on listeners and viewers, which the company paradoxically has spent too much. In contrast, a company might spend too much on advertising which is not worth it, where money might have been channeled for better use.

Although advertising is considered as a variable cost of doing business, , yet a part of it is an investment that builds an image called the goodwill. However, establishing the promotion budget is one of the difficult tasks faced by companies. Yet, there are four methods used to set a promotion budget.<sup>29</sup>

#### **i. Affordable Method**

In this method companies set the budget on what they think they can afford. But, this method leads to uncertain annual promotion budget, since it disregards the role of promotion as an investment and its impact on sales volume.

#### **ii. Percentage of Sales Method**

As the name implies, companies set the promotion budget as a percentage of the sales that is specified or as a percentage of sales price. This method has its advantages and disadvantages.

##### *a. Advantages*

1. Promotion expenses would vary with the capability of what the company can afford.
2. Managers would think in terms of the relationship between promotion cost, selling price, and profit per unit.

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<sup>29</sup> Ibid., p.581-583

3. Competing firms would encourage to spend approximately the same percentage of their sales volume.

*b. Disadvantages*

1. Sales is viewed as a cause of promotion and not the result.
2. The budget is set by the convenience of funds rather than by market opportunities.
3. Year-to-year sales fluctuates, thus the budget depending on the latter will interfere with long-term planning.
4. The method gives no logical basis for selecting a percentage, except depending on the results of past volume sales or on competitors' actions.

**iii. Competitive-Parity Method**

"Some companies set their promotion budget to achieve share-of-voice parity with their competitors".<sup>30</sup> This means that companies set their budget based on their belief that competition knows better what should be spent on promotion. This method is impractical since companies have different reputations, resources, opportunities, and objectives, to set them as a guide for selecting the budget.

**iv. Objective-And-Task Method**

In this method the marketers select the promotion budget based on the company's specific objectives, and the ways to achieve those objectives, and the costs

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<sup>30</sup> Ibid., p.582.

estimated for performing those ways. The total of those costs is the designed promotion budget.

Yet, the Objective-And-Task Method is the favored method since it calls upon the marketer to specify the objectives and thereafter the costs of the tasks performed. However, there are specific factors to consider when setting the advertising budget.

1. Stage in the Product Life Cycle: It is necessary to know which stage the product is at. For, new products need a high advertising budget to build awareness as compared to established brands.
2. Market Share and Consumer Base: Products that have a high marketing share need less advertising spending as a percentage of the sales than those having a low share. Moreover it is less costly to build consumer awareness of well known brands as compared to those that need constant advertising to reach the consumer.
3. Competition and Cluster: A product or brand that faces high competition needs to advertise extensively so as to be heard above others.
4. Advertising Frequency: The more the advertisements are repeated the more the budget would have to increase.
5. Product Substitutability: In a commodity class where certain brands are demanded, advertising is to be high as to maintain their image. Moreover, brands that offer unique characteristics and advantages need to be highly advertised and promoted.

### **C. Message**

Creativity and innovation are two factors important to be considered in formulating the message to reach the consumer. The advertising should express the major benefits offered by the product. Thus, the message of the ad should concentrate on the selling proposition without going into details and information of the product which might distract the consumer's attention. The more the message conveyed is short, effective, direct to the point, desirable, exclusive and believable, the more successful is the ad. Moreover, the way of executing the message in addition to selecting is very important. The message should have an effective impact on the viewer. Some ads are intended to appeal to the rational mind, and some to the emotional mind.<sup>31</sup>

Furthermore, some marketers today use celebrities to endorse their products. However, the choice of the celebrity is critical. The celebrity should be well recognized, have a positive effect and have a high appropriateness to the product. He, or she should be carefully chosen as to which type of product is to be advertised. Yet, the marketer worries in selecting the celebrity, since the sales should cover the highly paid costs. Moreover, they worry that the celebrity gets involved in a scandal, or even injured or dead, since those risks are covered with insurance.

### **D. Media**

The 4<sup>th</sup> M that has to be considered is the selection of the media, the best media that has immediate impact to convey and carry the message. Selecting the media

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<sup>31</sup> Ibid., p.602-603.



is the “problem of finding the most cost-effective media to deliver the desired number of exposures to the target audience”.<sup>32</sup> The media planner then has to define the types of media needed to deliver the message. The major media types in order of their advertising volume, are telephone, newspapers, television, direct mail, radio, magazines, and outdoor.

### **E. Measurements**

Evaluating the effectiveness of advertising is the marketers last task. Most measurements are of an applied nature, dealing with specific campaigns and ads. Some marketers even go through the process of communication-effect research. This procedure calls upon viewers to rate alternative ads. Second to view and/or listen to a portfolio of ads. Third the consumer’s psychological reactions to an ad are measured. Another way the marketer follows to measure advertising effectiveness is through the sales-effect research. This process is harder to measure , since sales are influenced by several factors such as price, product features and availability as well as competition, which are uncontrollable factors.<sup>33</sup>

#### **2.6.5 Structure of Distribution**

Selecting the channels of distribution is one of the important decisions the marketer has to consider in distributing the consumer goods. Five channels are widely used in the marketing of consumer products. In each, the manufacturer also has the

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<sup>32</sup> Ibid., p.606.

<sup>33</sup> Ibid., p.613-615

alternative of using sales branches or sales offices. Obviously, the suggestion that there are only five major channels is an oversimplification, but one that seems necessary if one is to discuss this wide subject in few paragraphs.<sup>34</sup>

**i. Producer - consumer.** The shortest, simplest channel of distribution for consumer products is from the producer to the consumer, with no middlemen involved. The producer may sell from house to house or by mail.

**ii. Producer- retailer- consumer.** Many large retailers buy directly from manufacturers and agricultural producers.

**iii. Producer- wholesaler- retailer- consumer.** If there is a "traditional" channel for consumer goods, this is it. Small retailers and small manufacturers by the thousands find this channel the only economically feasible choice.

**iv. Producer- agent- retailer- consumer.** Instead of using wholesalers, many producers prefer to use a manufacturers' agent or some other agent middleman to reach the retail market, especially *large-scale* retailers.

**v. Producer- agent- wholesaler- retailer- consumer.** To reach small retailers, the producers mentioned in the preceding paragraph often use agent middlemen, who in turn call on wholesalers that sell to small stores.

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<sup>34</sup> William j. Stanton, Fundamentals Of Marketing,( Mc.Graw-Hill ,1987), p.371-373

### **2.6.6. Consumer Behaviour**

#### **2.6.6.1. *Who is the Consumer?***

Consumers vary in age, income, educational level, mobility patterns, and taste. The consumers' buying behaviour should be understood and known by marketers. In the early times, marketers could understand the consumers through the daily experience of selling to them. But, with the growing size of the market and the firms, marketers have stopped the direct contact and shifted to researches about the consumers' behaviour via answers for questions known as the 7 O's of the marketplace.

#### **2.6.6.2. *Factors behind the purchasing Decision***

What are the major factors influencing the consumers' purchasing decision?<sup>35</sup>

##### **A. Cultural Factors**

This factor influences consumers deeply and mostly.

##### ***i. Culture***

"Culture is the most fundamental determinant of a person's wants and behaviour".<sup>36</sup> A human being is exposed to several values and thus acquires those values through the process of socializing with the surrounding group as family and friends.

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<sup>35</sup> Philip Kotler, Marketing Management Analyses, Planning and Control, (Prentice Hall 7th Edition), 1991, p. 164-168.

<sup>36</sup> Ibid., p.165.

## ***ii. Subculture***

Four types of subcultures could be identified. Nationality groups such as Spanish, Mexicans, Polish and the like that are found in large communities and have their own ethnic tastes and preferences. Religious such as Catholics, Jews, etc.. that represent specific cultural preferences and taboos. Racial groups such as the Blacks, and Orientals who have different styles and beliefs. Geographical areas such as California, Australia etc.. that have different characteristic lifestyles.

### **B. Social Class**

Social classes show distinct product and brand preferences in such areas as clothing, home furnishings, leisure activities, and automobiles. The social classes differ in their media preferences. Moreover, social classes have several characteristics:

1. People of the same social class tend to behave more alike than persons of different social class.
2. People are perceived as occupying inferior or superior positions according to their social class.
3. People's social class is indicated by a number of variables including, occupation, income, wealth and education.
4. People pass through different social classes - ups and downs - during their lifetime.

### **2.6.6.3. Reasons Behind Buying**

Defining the customers needs begins by considering the reasons behind buying. These could be related to:<sup>37</sup>

#### **1. Functional Needs**

A product is purchased for its particular performance characteristic. For example, consumers will buy basic food stuffs where they are offered the cheapest prices.

#### **2. Convenience or Habit**

Particular products are selected almost automatically because of established consumer confidence through trial, through their sheer size and brand domination or because of excellence of supply or accessibility.

#### **3. Aspiration and Aesthetic Needs**

The presentation and design of the product is also the prime importance of selecting a product. The product with an aspirational feature increases the customers wish to look, feel or be seen as desirable in a particular way.

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<sup>37</sup>

Frank Cokayne, Successful Marketing Strategies, (Fitzwilliam Publishing ltd., 1991), p.35-37.

Customers' behaviour can be summarized by positioning on a necessity spectrum which moves from 'Need' through 'Want' to 'Desire' each of these major types of market necessity may be driven primarily by one of the three purchasing requirements mentioned above. (See Table 1).<sup>38</sup>

Table 1.      **The link between need, want and desire, and the priority purchase requirements.**

Necessity segment	Priority purchasing requirements		
Need	Function	Convenience	Aspiration
Want	Function	Convenience	Aspiration
Desire	Function	Convenience	Aspiration

After illustrating in details the marketing mix of products in general, the writer will now turn to concentrate more on the main purpose of this study, and that is to compare the marketing mix procedures between foreign and domestic lipsticks, and to study women's behaviour upon purchasing lipsticks. This next section will concentrate on the foreign-made lipstick "Lancome", whereas the end of this chapter will concentrate on the domestic lipstick, "Dali".

<sup>38</sup> Ibid., p38.

## **2.7 General Overview of the Foreign-Made "Lancome" Lipstick**

Group Abou Adal is concerned with distributing consumer goods whether imported into or manufactured in Lebanon. Based on statistical surveys it was found that Lancome as a lipstick product generates the highest sales volume among all its competitors of the same class i.e., super-premium products<sup>39</sup>. (Super-premium products are those products that provide the best quality in material and packaging at a high price.) Thus, although Lancome has a relatively high price, it was also found that most women intended to buy that lipstick for several reasons to be discussed later in the section of consumer behaviour<sup>40</sup>. Therefore to start with the essentials, and to clarify systematically this study we will start by presenting a brief introduction of the background of the Lancome company and how it has grown throughout the years to become one of the worldwide known cosmetics firm.

### **2.7.1 Historical Background**

The "Lancome" company was first established by "Armand Petit Jean" a French man in 1935. He first started the business by producing six perfumes of different names and fragrances. Later during that year, he started to produce "cremes". "Cremes" were the first products produced in the cosmetics department in the Lancome company and is not to be disposed or stopped due to its special products and ingredients which provide the user with special protection.<sup>41</sup>

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<sup>39</sup> Personal interview with Ms. Elise Eid director of the study and research department, Statistics Table 2

<sup>40</sup> Ibid., Statistics Table 3.

<sup>41</sup> Interview with Mrs Viviane Helou product manager of "Lancome", at Abou Adal.

### **2.7.2 Objective**

However, Armand Petit Jean's main objective behind the establishment of his cosmetics company was strictly business. Moreover, the production of a super-premium cosmetic product was his main concern. Yet, the main difference between "Lancome" and its competitors such as "Christian Dior" or "Chanel" is that "Lancome" penetrated the market as a cosmetics product not signed by any fashion designer like "Dior" and "Chanel" who created cosmetic products signed by their own name. Therefore, "Lancome" gained its position and goodwill in the market with its continuous progress in the market for offering excellent quality.

### **2.7.3 L'Oreal Buys Lancome**

The name Lancome was given to the product after the name of a French palace, "Lancosme". To "Armand" the name inspired eliteness and a touch of classiness. Yet, the company faced many financial problems. It was bought by the world's largest cosmetics company "L'Oreal" that had at that time two laboratories for research and two laboratories for testing. From that time onwards "Lancome" has witnessed great success, and it penetrated the global markets so fast that it generates the highest sales-volume and the highest global market share among its competitors of the same class.

After this brief introduction of the Lancome company, concentration will be based on the lipstick product offered by "Lancome". Specifically the marketing-mix strategy and then the behavior of women in buying "Lancome" lipstick.



#### 2.7.4 *Product "Expression of Beauty"*

A brief introduction of "Lancome" will shed light on the importance of this brand in the world of beauty as quoted from a "Lancome" brochure. "Your own unique charm, your own individual beauty, in fact everything that makes you exactly who you are, requires special consideration.

And this consideration, a combination of listening to your needs and being able to perfectly advise you, is what you will find with Lancome.

From the very beginning, Lancome have always made a special point of considering each woman as unique, and of offering her products adapted to her own needs. And Lancome is the only name in beauty with people and skills to be able to do this successfully:

- a team of internationally respected Researchers, guided by a single philosophy: that of learning more about the skin and each of its components every day, so as to be able to imitate and perfect its performance even more effectively, through the discovery of molecules used precisely to deal with each and every imbalance that may occur in the skin;

- a team of Cosmeticians, all experts in their field, who study the expectations of women in the world over concerning textures, fragrances and colors. In this way, the discoveries of the Lancome Researchers can be incorporated into exactly the right formula, offering you the pleasurable experience of perfection which appeals to all senses."<sup>42</sup>

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<sup>42</sup>

"Lancome" The Expression of Beauty" p.1

### **2.7.5 Features**

As defined earlier in the chapter, the product “is anything that can be offered to someone to satisfy a need or want”. What is the need or want to be satisfied upon purchasing a lipstick? HOPE ! Women are buying hope when buying a lipstick, hope for a new, better look. The look, the feel, the shine of sensational lips. The “Lancome” lipstick gives the woman the best of all possible worlds: A luscious, memorable mouth plus dramatic color fidelity and staying power. The breakthrough formula glides on micro-layers of pure color. So each shade starts true and stays true. In any light. And along with the dazzling color, true lipstick lets the woman enjoy hours of true comfort. Feels lightweight, never sticky. Won’t feather or stain. The “Lancome” lipstick lavishes the lips with attention. It has a supple brilliance and incredibly even wear.<sup>43</sup>

### **2.7.6 Components**

Moreover, as also illustrated earlier in the chapter, the lipstick product in general should contain certain percentages of wax, and oils that provide creamy shiny look on the lips. Those components allow the lipstick to be coated evenly on the lips, providing durability and no stickiness. The “Lancome” lipstick uses a special formula to provide the necessities as discussed earlier, that a woman expects from a lipstick. Due to the secrecy of manufacturing, information of how the formula is made and its main components, could not be extracted.

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<sup>43</sup>

Cosmopolitan Vol.219, No. 4 , October 95, p.96

### **2.7.7 Packaging**

A definition of packaging as “ the activities of designing and producing the container or wrapper” was also state in this chapter. From a distance, the package of any well known brand of lipstick could be related to that brand’s name. The package has thus become its trademark, so that if the name and label were made invisible to the consumer, she can easily recognize a “Lancome” lipstick from a “Dior” lipstick. The package of the “Lancome” lipstick encounters an outer and an inner package. The outer package takes the form of a gray cardboard carton, whereas the inner package i.e, the lipstick’s housing has black color with the top of the cap embroidered with gold with the name “Lancome” placed at the side. Moreover, the outer package, has the number and name of the lipstick’s color, and the logo of the “Lancome” brand represented by the flower.<sup>44</sup>

With these distinctive characteristics of color and quality of the packaging, a woman is motivated to buy, since as related earlier, the packaging plays a significant role in the purchasing decision, and in attracting consumers, building their confidence, and providing favorable impression.

In the past, the “Lancome’s” outer package had a golden color, in contrast to the gray ones designed nowadays. Thus the golden package built in the consumer a kind of brand awareness, so that when the gold was replaced with the gray, women in Syria thought of the latter products to be fake and produced by local manufacturers rather than imported from France. Due to this fact and as not to lose the market share,

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<sup>44</sup> Cosmopolitan Vol.219, No.5, November 95, p.1.

Lebanese cosmetics industries are formulating the same lipstick, labeling it "Lancome", packing it in a golden package, and then exporting those products to the Syrian market.<sup>45</sup>

This shows the importance of packaging in building consumers' trust and confidence. The "Lancome" company spends a large amount of money and time in designing the package. To this fact the product manager of "Lancome" explained and concluded that "an effective package is never a substitute for a quality product offered at a competitive price. However, effective packaging can:

- Enhance the ways consumer think of the product
- Increase the visibility of the product and company
- Reinforce the brand image in the store and at home
- Retain current customers and attract new ones
- Enhance the cost effectiveness of the marketing budget
- increase the product's competitive edge and profits".<sup>46</sup>

### **2.7. 8 Price**

"The amount of money that customers have to pay for a certain product" is price. Price can create brand images as well as provide a functional relative advantage. In terms of brand images; high prices can connote high quality for some products; and it is often stated that consumers perceive a relationship between price and quality. In

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<sup>45</sup> Interview with Mr. Naji Samaha, Assistant Financial Manager at Abou Adal.

<sup>46</sup> J. Paul Peter and Jerry C. Olson, "Consumer Behaviour And Marketing Strategy", 2nd Edition, p.439.

the case of "Lancome", the lipstick is priced for \$20, and the consumer believes that in paying \$20 they are paying for the good quality. Where in fact, 80% of the price is part of the packaging cost, 12.7% raw material and 8.3% labor cost.<sup>47</sup>

However, the pricing strategy of "Lancome" products in general and lipsticks in specific is a global pricing policy that is set by the mother company "Lancome" in France. Yet, the prices of Lancome lipsticks in the U.S.A and other countries for example is somehow below or above the \$20 price found in Lebanon. This is due to the different transportation, freight and duty charges imposed among the different countries that import "Lancome" products.

#### **2.7.9 Place and Structure of Distribution**

Where a product is found and made accessible to the consumer is related to the term place. "Lancome" products are imported directly from France by the agent Abou Adal, who then in turn distributes them to the retailers. As a global policy, the structure of distribution is also set by the mother company, where all "Lancome" products are distributed to a selective market. This market includes retailers of two types:

- Class A perfumeries
- Super Grand Stores as the ABC

The retailer is "Lancome's" link to the trade. He is therefore the indirect representative and must be encouraged to communicate enthusiasm about "Lancome"

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<sup>47</sup> Interview with Mr. Toufic Rizk, product manager of "Dali" in S.L.E.E company.

to consumers. His incentive to continue to support "Lancome" is higher profitability and turnover stock. Thus the display personnel are essential to the retailer. They are responsible for creating an exciting visual environment, conducive to strong sales growth and enhancement of the "Lancome" image. Therefore, they must feel that their art is an integral part of "Lancome's" success.

#### **2.7.10 Promotion**

A part of promoting a product, nevertheless lipstick, is through its packaging. Yet, how to inform the consumer of the product is done through the different means and ways of promotion. Earlier in this chapter a detailed analysis of the various means to promotion were presented. However, some of those tools followed include the following:

##### ***i. Advertising***

Based also on a global policy, advertising of all Lancome products and lipsticks is restricted to publishing in magazines. This type of media is considered the media of the literate people. A huge amount of money is spent in advertising on the front pages of the magazine as "Cosmopolitan", "Woman's Journal", "Elle" etc... Yearly subscriptions are made to have the product advertised on the front pages. This, therefore, increases the competition among "Lancome", "Dior" and "Chanel". Moreover, promoting through mass - media as T.V, Radio and especially bulletins are out of the question.<sup>48</sup>

<sup>48</sup>

Interview with Mr. Imad Rahmoun Assistant financial manger at Abou Adal

### *i. Sales-promotion*

A second promotion strategy followed by "Lancome" is sales-promotion. This routine enables a woman to learn more about the product and how to use it. The sales promoters are known as techno-commercial girls who are trained and educated to market the product, giving the necessary information of the product and convincing the woman to buy. Sales promotion is achieved through displays. The display personnel are responsible to create dramatic window display, counter display, and provide recognition to the consumers. This will generate an elegant, fashionable image to the products marketed.

### *iii. Celebrity*

"Lancome" communicates with its consumers through celebrities. Their choice of the celebrity is based on natural and attractive women more than being beautiful, for they believe that the use of Lancome products is to "modify yourself and not change yourself". To this, their choice fell on Isabella Rosselini and Juliette Binoche who were able to play the role of women of different ages.<sup>49</sup>

### *iv. Club Organizations*

Lancome has organized clubs for women who are invited to attend to gain instruction in the art of self-beautification. This could be held in either a department store or a perfumeries. The objective behind this club is:

\* To create an ideal selling environment because the customer feels comfortable and unpressured, and is, therefore more receptive to new suggestions.

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<sup>49</sup> Cosmopolitan, Vol.219, No.6, December 1995.

- \* To draw attention to Lancome because it is a major in-store special event.
- \* To lend credibility to the Lancome name because it provides the customer with an important educational service.
- \* To expand the customer base because each time a club is held, new customers will sign.
- \* To create potential for high unit sales because the customer is introduced to the entire range of "Lancome" products, even when the club specifically focuses on either treatment, make-up, or fragrance.
- \* To keep the customer informed about any new "Lancome" products and product lines which have been developed.

#### *v. Other promotion tools*

The excitement of Christmas, Valentines, Mother' Day, and the like, are special events in themselves. During Christmas for example, new and existing customers are introduced to the "Lancome" gift collection. It has been said that the manner of giving is often worth more than the gift itself- or at least as much. The Christmas season is synonymous with gift giving. It is the time of year when people let each other know that they are special. "Lancome" even wraps its products with a Christmas Lancome wrap. And the customer is given precious small gifts with every purchase as, a make-up sac, samples of fragrances, beauty wear, and skin products. During those seasons "Lancome" doesn't forget to greet its loyal customers with cards whose names are registered on the computers.<sup>50</sup>

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<sup>50</sup> Malissa Zwagner, "Spot-Light on Special Events", Thesis on Sales Promotion of Cosmetics published in 1984



Thus, Lancome works hard to achieve its goals and uses all the possible ways and tools to maintain its position in the market. With all those means and the basic marketing-mix tools the consumer is the main target. As a conclusion and in a simplified manner the marketing-mix tools followed by Lancome are simply to :

1. Inform the customer and arouse her curiosity
2. Encourage the customer to participate
3. Leave the customer with a lasting visual impression
4. Tie the entire promotion together with visually consistent theme.

## **2.8 Domestic or Foreign ?**

Local or domestic Lebanese products of all types have always carried the characteristic of "not bad quality but cheap". What is the secret behind people preferring foreign products to domestic ones? Where are those industries, nevertheless cosmetics industries, going wrong? Is it the lack of the know how and technology? Or is it the negligence of some irresponsible men of high positions and ranks who run after their own personal profits and deeds? Many questions have risen, but with no answer. Yet, the curiosity to know why women among them I, prefer foreign cosmetics to domestic cosmetics, encouraged the searcher to look for reasons thereafter presented in this project.

Therefore, after presenting a full analysis of "Lancome" in section 2.7, it will be proceeded in the same manner to present a full analysis of "Dali" cosmetics, the domestic lipstick product.

### **2.8.1 Background of S.L.E.E**

The official legal name of the company is "SOCIETE LIBANAISE D'EXPANSION ECONOMIQUE", abbreviated for "S.L.E.E". It has existed since 1981, as a manufacturer of cosmetics and perfumes. It is owned by "Tamer Group", who like "Abou Adal" is a holding that acts as an agent for distributing local manufactured products as "Dali" and imported products including watches, perfumes, pens bicycles, toys etc... S.L.E.E a part of the company concentrates mainly in producing cosmetics as previously mentioned, that are distributed to the retailers through "Tamer Group".<sup>51</sup>

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<sup>51</sup>

Interview with product manager at S.L.E.E Mr. Toufic Rizk.

### **2.8.2 S.L.E.E's Objective and Organization**

From the very beginning, the company's main objective was "*Cosmetics Manufacture*". Furthermore the company's organizational chart in general consists of two managing directors, three departments: personnel, production, and storekeeping. All in all the number of employees is 23 including a bacteriologist, a chemist and a biologist, who are responsible for the laboratory and production working formulas in the company.

### **2.8.3 Market Structure**

The Lebanese cosmetics market structure is so wide that every year a new brand is launched. A wide variety of products are available ranging from the bad to the top quality, and from the cheapest to the expensive products. From an interview with Mr. Toufic Rizk,<sup>52</sup> the production manager, the researcher gathered that "cosmetic products enter the market in three forms:

1. Imported foreign products
2. Conditioned products
3. Domestic manufactured products."

1. *The Imported Foreign Products*, which constitute 10% of the market. Those products are imported directly from the manufacturers abroad by the agent to be distributed to retailers in the market. As such products one can mention the super-

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<sup>52</sup>

Ibid.

premium products as Lancome, Dior, Chanel, Guerlain, Nina Ricci etc... That carry high prices due to the high duties and tariffs charges on finished goods.

2. *The Conditioned Products*, that constitute 80% of the market. Those products are imported in the form of raw materials, moreover, in bulks and are packaged domestically. This new form of importing gives way to higher competition, since prices are set by the agents, or distributors based on the market demand and supply. Yet, the price of those products is much less than imported products, since of course, the tariffs and duties charged are much lower.

3. *Domestic Manufactured Products*, constitute 10% of the market. To this item one can mention the S.L.E.E manufacturing company which is the case of this study. S.L.E.E's working process starts from the time the raw materials are formulated, passing through coloring, packing, conditioning and all the testing procedures to the time they're ready for distribution. Yet S.L.E.E's name is accompanied with the brand name "Dali". However, S.L.E.E also supplies certain retailers upon demand with an amount of cosmetics products in their own desired package and desired name and label. But, their main concentration of testing and quality assurance is on the "Dali" products.

Furthermore, the needs of the woman are S.L.E.E's main target of achievement. Therefore, when manufacturing any "Dali" cosmetics, the woman's satisfaction is their main concern. To what extent are they achieving their desired goal? To this, the answers and results will be extracted from the questionnaires

and will be presented in chapter four. But before that, this chapter this chapter will discuss how cosmetics in general and lipsticks in particular are processed, priced, promoted and distributed.

### **2.8.3.1 Product**

The product is anything that is offered to satisfy the consumer's need. The variety of cosmetics products produced by S.L.E.E under the name "Dali" are: lipsticks, nailpolish, mascara, eyeliner, handcreme, foundation, blushers, powder, eyeshadows, and dissolvants. Since the main interest in this project is lipstick, it will be dealt with only. Based on the information revealed by Mr. Rizk,<sup>53</sup> he stated that " the lipstick production falls in two main stages:

Stage 1: preparation of the white paste

Stage 2: preparation of the coloring

#### **Stage 1.**

The paste is composed of waxes, oils that could be of vegetables, animals, synthetic, or artificial.

#### **Stage 2.**

The colored pigments are of organic and inorganic materials. This stage is very critical where many problems could rise if the pigments were not well composed, as

sedimentation problems, change of coloring, application problems, allergy problems, and toxicity.

Therefore, to avoid all those problems two main criteria should be followed:

***a) Psychochemical Criteria***

This includes the degree of melting point for the lipstick not to break, the percentage of gloss, the degree of coloring, and the addition of certain lip protection materials as the proteins, vitamins E, and the UV filter.

***b) Cosmetics Criteria***

This includes the lipstick's odor, the long-lasting feature, and the smooth feeling of application.

However, Mr. Rizk added " the composition of the lipstick formula is generated through the different researches and studies done by our people. The main components of the product are the paste and coloring pigments which are 100% European and German materials imported from Henkel and Wallees industries. Once, the formula is prepared, it is tested. The testing process is the most important part which proves the well-preparation of the formula.

**2.8.3.2 Packaging**

When the product has proven good for usage, it should be packed. S.L.E.E imports the package of their "Dali" products from the far East. The label and logo of

the product is the big "D" found on the cap of all jars, containers and bottles. The color of the package is dark brown striped with golden trimmings. However, a new dark blue package is in the process of study.

#### **2.8.3.3 Price**

The pricing strategy followed by S.L.E.E is based on the study of the demand and supply in the market. "Dali" being a mass product, should not be highly priced. However, the prices have not been changed since the past three years. Yet, knowing that it is a mass product with a packaging which is not that expensive and low tariffs and duties charged on the raw materials, the price of the "Dali" lipstick does not exceed \$1.5 which is extremely low in comparison to the foreign imported lipsticks as "Lancome" that has a price of \$20. Moreover, a table will be supplied at the end showing the range of lipsticks prices in the market.

#### **2.8.3.4 Place & Structure of Distribution**

S.L.E.E's strategy of distributing its products is in all the different point of sales that fall in the categories of Class B & C. The penetration rate of "Dali" lipsticks is 4.74% which is the highest as compared to the other products as shown in Table 1. However, to the question asked to Mr. Rizk about how do you segment your market? Target customers? His answer was, " Class B and C market and customers above 15 years of age". Therefore, the highest percentage of customers are above 15 years old and who are mainly students in schools who get their pocket money from their parents, whose

main interest is to change colors frequently along with the fashion, and of course pay a low price.

Moreover, as to the question of "What type of point of sales do you distribute "Dali" lipsticks? Please specify %" . Mr. Rizk answered "Class B and C perfumeries which consist of 75% of the structure of distribution, 5% pharmacies, and the remaining 20% include grand stores.<sup>54</sup>

#### **2.8.3.5 Promotion**

The company's policy is to launch one new product per year if there is a need for that. However, they're always up to date with the new changes in the market, and nevertheless to any product which is demanded and not found in the market. To this issue Mr. Rizk related " by chance one of our researches gathered that the demand for the transparent mascara Max Factor is very high, but this product could not be found.

So, I figured out the chances, expenses, profits and our capabilities, and came with a solution to compose the same formula and supply the market with the necessary amounts thereby filling the gap and profiting from this situation. Thus within three days the products were ready for distribution. Yet, when Max Factor was able to supply the market, it was already too late, because the market was over saturated. This type of strategy is a promotion in itself since people are more aware of the existence of a new brand "Dali", which they have tried, and if it satisfies them they will buy again and again, and moreover be enthusiastic to try all the "Dali" products."

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<sup>54</sup>

Ibid.



Nevertheless promotion to Mr. Rizk is very important for increasing customers' purchasing power. Thus the advertising budget is a % of sales where no figures were given, and the advertising policy relies on two techniques:

*1. Magazine*

*2. Gifts and others*

These two techniques are mostly used during the peak seasons of Summer and Christmas. During those two periods, S.L.E.E promotes its products in magazines as "Al-Shabaka", "Al-Hasna'a" and most Arabic Lebanese magazines that concentrate on the women's issues. Moreover, "Dali" offers gifts and gestures with the purchase of a certain amount of products, as a way of saying Thank You to their customers' loyalty.

But as a matter of fact this technique should be improved and a recommendation related to this issue will be discussed in Chapter Five.

Yet, now that all the marketing-mix strategy elements are presented and discussed, it would be worth knowing the customers' own opinion and views on the "Dali" products, who in the end are the main element of success. To this end questionnaires were distributed and the results obtained will be presented in Chapter Four.

## **Chapter Three**

### **Research Design and Methodology**

#### **3.0 The Basic Approach**

This research's purpose is to determine the influential factors behind women's behaviour in purchasing lipsticks.

The measures used and form of analysis are based on the purpose stated in Chapter One and the details presented in Chapter Two.

#### **3.1 Sources of Information**

The hypothesis stated in Chapter One is being tested through field study. The survey covered women of different ages and different jobs including housewives. Questionnaires have been distributed to gather the necessary data needed about their preferences, attitudes and opinions towards foreign and domestic lipsticks.

Questionnaires totaled to about 120 distributed. However, 100 out of the 120 were returned although personal follow up was done. This constitutes 83.33 % response rate which is considered reasonable.

#### **3.2 Survey Design**

Before preparing the questionnaires, several prerequisites presented herebelow, were taken into consideration.

1. The first page of the questionnaire presented a form letter that clarifies the objective of the survey, and informs the respondents that their answers will be confidentially treated.
2. To avoid respondent embarrassment, questions related to names and parental names were not included so as not to alter their response.
3. It would have been better and more effective had the questionnaire been longer and wider. But the purpose behind the questionnaire is to get results, so simplicity in directing the question was the main intention. The length of the questionnaire was short but effective so as to avoid respondent boredom and unease.

The research instrument is a four page questionnaire organized in a way to cover the major factors influencing women's behavior in purchasing lipstick in general and domestic or foreign in particular. The questionnaire is divided into five parts.

The first part covers the background of women, their age, and what type of job they hold.

The second part is concerned in finding out women's preferences and tastes that will influence their purchasing decision.

The third part measures in detail women's attitude, if any, towards the Lancome lipstick (a foreign brand).

The fourth part measures in detail women's attitude towards the Dali lipstick (a domestic brand).

The final part is concerned with one question dealing with their opinion on those two brands.

### **3.3 Type of Questions Used**

Three types of questions were used in the construction of the questionnaire.

1. The Category scale: This procedure measures the respondents' preferences and attitudes with respect to several items given in the questionnaire.
2. The Ordinal scale: This procedure asks the respondents to rank or rate their choice in order of 1,2,3,4,and 5.
3. The Dichotomous scale: This is a measure of a "yes" or "no" answer to the questions asked.

**3.4 The research variables:** The research variables include the attitudes towards using a brand. These variables include quality, habit, convenience, satisfaction, appearance, price, and problems.

### **3.4.1 Demographic variables:**

These are independent variables. they are used to determine some personal background of the respondents.

Two types of questions related to personal background were asked. The first is concerned with age divided into five parts; under 18, between 19 & 25, between 26 & 35, between 36 & 45 and above 45. This type of

question helps to determine the percentage of each age using lipsticks, more specifically "Lancome" and "Dali".

The second category is related to the job performed which is also divided into four parts; housewives, employee, student, and other. This type of question will help determine what kind of job women hold consequently knowing approximately their monthly salary and how it is related to their decision in purchasing lipsticks, "Lancome" and/or "Dali".

### **3.4.2 Women's attitudes and preferences towards lipstick**

This part provides the respondent with different brand choices of which she has to rank the brand as mostly used (1) to the least used (5), why she uses that brand, what attracts her best in the promotion of lipsticks, why does she use lipsticks, and finally what type of lipstick does she prefer (foreign or domestic) and why.

### **3.4.3 Women's attitude towards "Lancome"**

This part specifies the brand in use, has she heard of it, ( to determine percentage of brand awareness), has she tried it (to determine what impression she has), and does she currently use it and why. Has she seen the promotion ad and what does she think of it.

### **3.4.4 Women's attitude towards "Dali"**

This part is similar to the previous part , yet it sepcifies "Dali" as the brand in use. The same questions were presented to determine the same effect for purchasing decision purposes.

### **3.4.5 Final Opinion**

This final part is an open-ended question which depends on the respondents' final opinion, impression, and attitudes or even recommendations on those two brands.

## **3.5 Data Analysis**

The data collected is coded numerically into a database system, and it is statistically interpreted through the SPSS (Statistical Package for Social Science). These statistics are used to test for the hypothesis stated in Chapter One. A descriptive analysis is used to determine frequencies and percentages of data. Regression analysis determines the relationship between dependent and independent variables. Moreover, cross tabulation is used to measure the relationship between variables. Next, chapter four will present a detailed exposure of the results and their interpretations.

## Chapter Four

### **Research Findings and Analysis**

#### **4.0 Overview**

The previous chapter presented the methodology and research design along with the tools to be used for statistical purposes. The main purpose of this chapter is to reveal the results and to analyze them, bearing in mind the main purpose of the hypothesis to be tested is the factors influencing women's purchasing decision of lipsticks.

#### **4.1 Profile of the respondents.**

The general characteristics and some other aspects of the respondents were determined through descriptive statistics using frequencies and percentages.

Since this questionnaire is targeted towards women, the term gender is not applicable in this case. Below are tables of frequencies and percentages.

**Table 4-1**

Age	Frequency	Percentage	Cum. %
Under 18	12.0	12.0	12.0
19-25	51.0	51.0	63.0
26-35	20.0	20.0	83.0
36-45	7.0	7.0	90.0
Above 45	10.0	10.0	100.0
Total	100	100	100

Table 4-1 shows that 12% of the respondents are under 18, 51% are between 19&25, 20% are between 26 and 35, 7% are between 36&45, and 10% are above 45.

**Table 4-2**

Job	Frequency	Percentage	Cum. %
Housewife	16.0	16.0	16.0
Employee	30.0	30.0	46.0
Student	52.0	52.0	98.0
Other	2.0	2.0	100.0
Total	100.0	100.0	100.0

This table shows that a percentage of 16% of respondents are housewives, 30% are employees, 52% are students, and 2% other.

**Table 4-3**

Use Cosmetics	Frequency	Percentage	Cum. %
No	1	1.0	1.0
Yes	99	99.0	99.0
Total	100	100.0	100.0

Table 4-3 shows that 1% of respondents do not use cosmetics, while 99% use cosmetics.



## 4.2 Respondents' Attitudes

**Table 4-4 Familiar with brand Lancome**

Brand Lancome	Frequency	Percentage	Cum. %
No	26	26.0	26.0
Yes	74	74.0	100.0
Total	100	100.0	100.0

Table 4-4 shows the percentage of brand awareness which constitutes of 26% not familiar and 74% familiar with the brand "Lancome".

**Table 4-5 Familiar with brand Dali**

Brand Dali	Frequency	Percentage	Cum. %
No	53	53.0	53.0
Yes	47	47.0	100.0
Total	100	100.0	100.0

Table 4-5 shows that a percentage of 53 of the respondents are not familiar with Dali while a percentage of 47 are familiar with the brand.

**Table 4-6 Ranking of Use of Lancome**

Use Lancome	Frequency	Percentage	Cum. %
Rank 0	38	38.0	38.0
Rank 1	38	38.0	76.0
Rank 2	9	9.0	85.0
Rank 3	10	10.0	95.0
Rank 4	5	5.0	100.0
Total	100	100.0	100.0

Table 4-6 reveals that 38 % of the respondents do not use "Lancome". Similarly the same percentage of 38 rank it as choice number 1, 9% rank it as their second choice, 10% their third, and 5% as their fourth choice.

**Table 4-7 Ranking of Use of Chanel**

Use Chanel *	Frequency	Percentage	Cum. %
Rank 0	47	47.0	47.0
Rank 1	19	19.0	66.0
Rank 2	14	14.0	80.0
Rank 3	13	13.0	93.0
Rank 4	5	5.0	98.0
Rank 5	2	2.0	100.0
Total	100	100.0	100.0

*\* In comparison to "Lancome" brand*

Table 4-7 shows that 47% of respondents do not use Chanel, 19% ranked it as their 1st choice, in comparison to Lancome. 14% ranked it as their 2nd choice, 13% as their 3rd, 5% as their 4th, and 2% as their 5th.

**Table 4-8 Ranking Use of Christian Dior**

Use Cristi. Dior *	Frequency	Percentage	Cum. %
Rank 0	48	48.0	48.0
Rank 1	11	11.0	59.0
Rank 2	20	20.0	79.0
Rank 3	15	15.0	94.0
Rank 4	2	2.0	96.0
Rank 5	3	3.0	99.0
Rank 6	1	1.0	100.0
Total	100	100.0	100.0

*\*In comparison to "Lancome" brand.*

In Table 4-8 the results were that 48% of the respondents ranked Christian Dior as 0, 11% ranked it as 1, 20% ranked it as 2, and 15% ranked as 3.

**Table 4-9 Ranking Use of Dali**

Use Dali *	Frequency	Percentage	Cum. %
Rank 0	53	53.0	53.0
Rank 1	7	7.0	60.0
Rank 2	3	3.0	63.0
Rank 3	8	8.0	71.0
Rank 4	10	10.0	81.0
Rank 5	17	17.0	98.0
Rank 6	2	2.0	100.0
Total	100	100.0	100.0

*\*In comparison to "Lancome" brand.*

Table 4-9 shows that 53% of the respondents ranked "Dali" as 0, and only 7% ranked it as numer 1.

**Table 4-10 Ranking use of Samoa**

Use Samoa *	Frequency	Percentage	Cum. %
Rank 0	46	46.0	46.0
Rank 1	8	8.0	54.0
Rank 2	19	19.0	73.0
Rank 3	3	3.0	76.0
Rank 4	11	11.0	87.0
Rank 5	9	9.0	96.0
Rank 6	4	4.0	100.0
Total	100	100.0	100.0

*\* In comparison to "Lancome" brand*

Table 4-10 shows that 8% of the respondents ranked it as number 1, while 46% gave it a 0 rank.

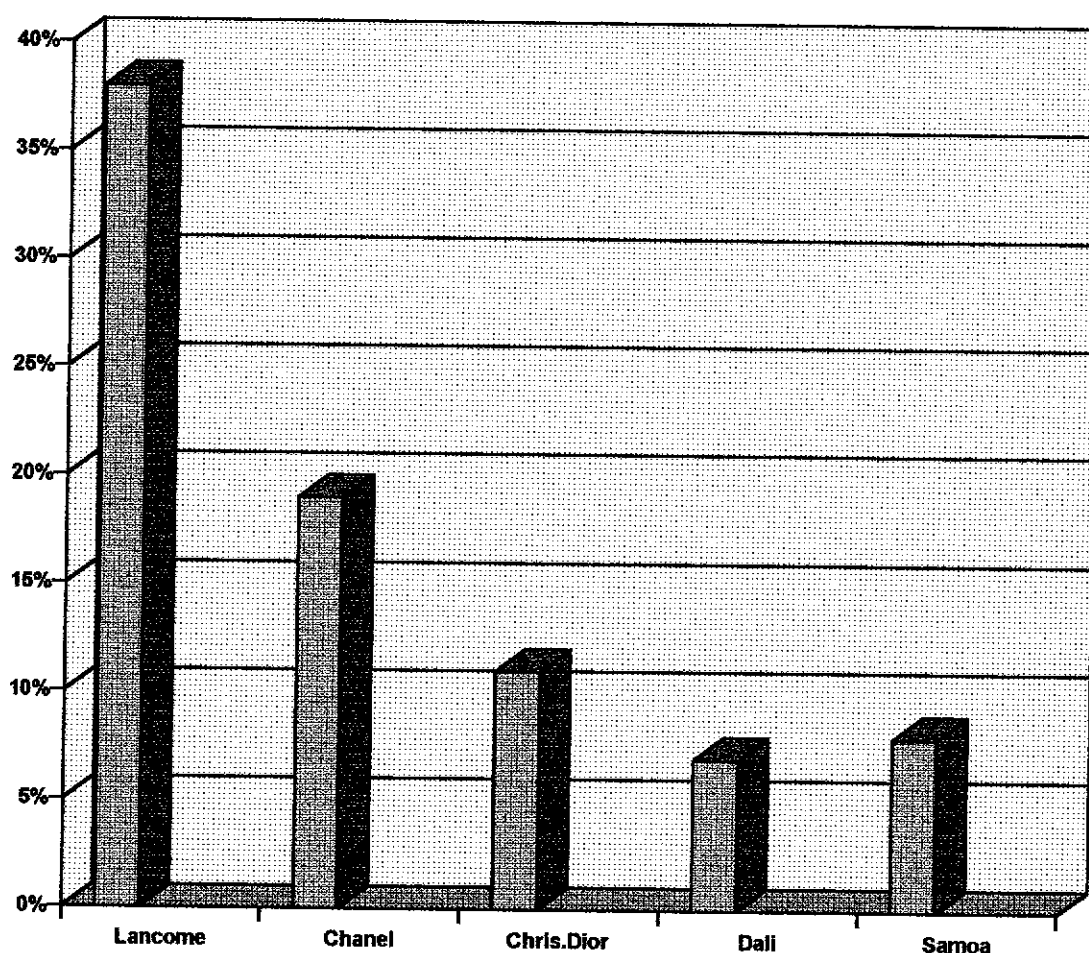
**Table 4-11 Ranking use of Other**

Use Other	Frequency	Percentage	Cum. %
Rank 0	40	40.0	40.0
Rank 1	21	21.0	61.0
Rank 2	7	7.0	68.0
Rank 3	9	9.0	77.0
Rank 4	5	5.0	82.0
Rank 5	1	1.0	83.0
Rank 6	17	17.0	100.0
Total	100	100.0	100.0

*\* In comparison with "Lancome" brand*

In table 4-11 40% of the respondents ranked other types of lipstick as number 0, while only 21% rank other lipsticks as their first choice.

To conclude from these tables, 38% of the respondents use "Lancome" as their first choice, 19% use Chanel in the first place, 11% use Christian Dior, 7% use Dali, and 8% use Samoa. Thus "Lancome" proved to be the number one ranked lipstick in Lebanon, and thus infer that it is purchased and used most frequently by women.



The following tables will now be conducted to determine the percentage of respondents who rank their preferences for using their current brand.

**Table 4-12 Ranking for safety preference**

Safety pref.	Frequency	Percentage	Cum. %
Rank 0	44	44.0	44.0
Rank 1	25	25.0	69.0
Rank 2	18	18.0	87.0
Rank 3	8	8.0	95.0
Rank 4	3	3.0	98.0
Rank 5	2	2.0	100.0
Total	100	100.0	100.0

Table 4-12 shows that 25% of women prefer their lipstick for protection.

**Table 4-13 Preference for prestige**

Prestige pref.	Frequency	Percentage	Cum. %
Rank 0	46	46.0	46.0
Rank 1	5	5.0	51.0
Rank 2	4	4.0	55.0
Rank 3	6	6.0	61.0
Rank 4	6	6.0	67.0
Rank 5	33	33.0	100.0
Total	100	100.0	100.0

Table 4-13 shows that 5% of the respondents use their lipstick for prestige purposes, while 33% have ranked it as their 5th choice.

**Table 4-14 Preference for Lasting**

Lasting pref.	Frequency	Percentage	Cum. %
Rank 0	29	29.0	29.0
Rank 1	35	35.0	64.0
Rank 2	22	22.0	86.0
Rank 3	7	7.0	93.0
Rank 4	5	5.0	98.0
Rank 5	2	2.0	100.0
Total	100	100.0	100.0

Table 4-14 reveals that 35% of the respondents choose the lipstick preferring the characteristic of being lasting as their number one choice.

**Table 4-15 Preference for Loyalty**

Loyalty pref.	Frequency	Percentage	Cum. %
Rank 0	44	44.0	44.0
Rank 1	4	4.0	48.0
Rank 2	10	10.0	58.0
Rank 3	15	15.0	73.0
Rank 4	23	23.0	96.0
Rank 5	4	4.0	100.0
Total	100	100.0	100.0

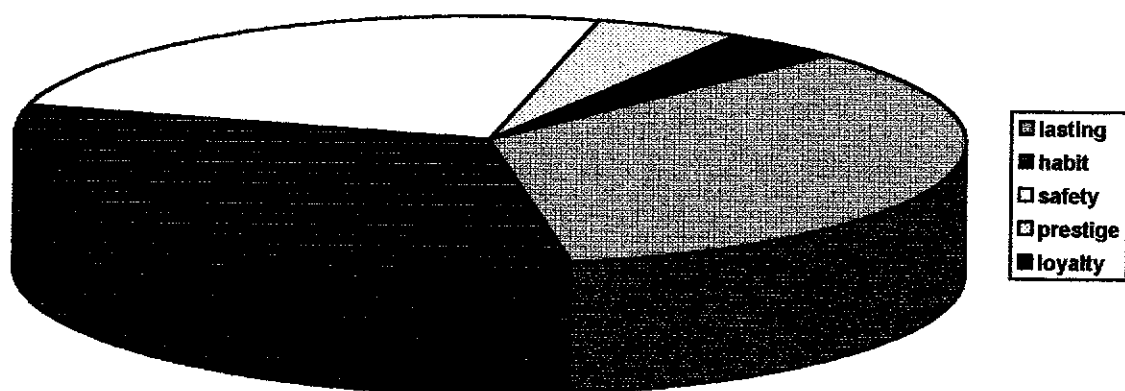
Table 4-14 shows that only 4% of the respondents use their lipstick based on loyalty.

**Table 4-15 Preference for Habit**

Habit pref.	Frequency	Percentage	Cum. %
Rank 0	25	25.0	25.0
Rank 1	32	32.0	57.0
Rank 2	9	9.0	66.0
Rank 3	16	16.0	82.0
Rank 4	11	11.0	93.0
Rank 5	7	7.0	100.0
Total	100	100.0	100.0

As shown in Table 4-15, 32 % of the respondents rank habit as the reason for buying or using lipstick.

Therefore as a conclusion the respondents prefer buying or using a certain brand of lipstick for lasting purposes 1st, habit 2nd, safety 3rd, prestige 4th, and loyalty 5th.





Furthermore the questionnaire included questions related to determining the percentage of respondents who are attracted to the several types of promotion as shown in the following tables.

**Table 4-16 T.V Attraction**

Prom. T. V	Frequency	Percentage	Cum. %
Rank 0	11	11.0	11.0
Rank 1	62	62.0	73.0
Rank 2	17	17.0	90.0
Rank 3	8	8.0	98.0
Rank 4	1	1.0	99.0
Rank 5	1	1.0	100.0
Total	100	100.0	100.0

Thus table 4-16 shows that 62% of the respondents rank T.V. as their number one determinant.

**Table 4-17 Bulletin Attraction**

Prom. Bulletin	Frequency	Percentage	Cum. %
Rank 0	31	31.0	31.0
Rank 1	6	6.0	37.0
Rank 2	8	8.0	45.0
Rank 3	12	12.0	57.0
Rank 4	30	30.0	87.0
Rank 5	13	13.0	100.0
Total	100	100.0	100.0

The percentage of respondents who rank bullrtins as their number one attraction is only 6% as shown in Table 5-17.

**Table 4-18 Magazine Attraction**

Prom. Magazine	Frequency	Percentage	Cum. %
Rank 0	16	16.0	16.0
Rank 1	22	22.0	38.0
Rank 2	31	31.0	69.0
Rank 3	21	21.0	90.0
Rank 4	9	9.0	99.0
Rank 5	1	1.0	100.0
Total	100	100.0	100.0

In Table 4-18 only 22% of the respondents rank magazine promotion as number one.

**Table 4-19 Sales Promotion Attraction**

Sales promotion	Frequency	Percentage	Cum. %
Rank 0	27	27.0	27.0
Rank 1	9	9.0	36.0
Rank 2	16	16.0	52.0
Rank 3	28	28.0	80.0
Rank 4	11	11.0	91.0
Rank 5	9	9.0	100.0
Total	100	100.0	100.0

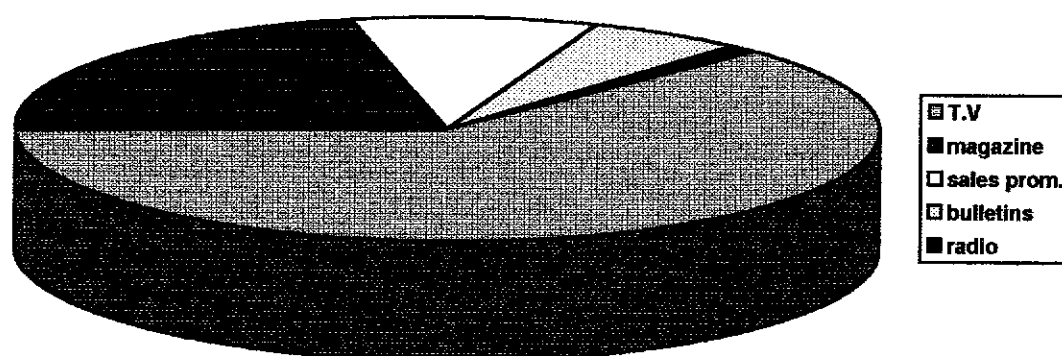
Thus Table 4-19 revealed that a percentage of 9 respondents rate sales promotion as their first rank attraction.

**Table 4-20 Radio Attraction**

Promotion Radio	Frequency	Percentage	Cum. %
Rank 0	37	37.0	37.0
Rank 1	1	1.0	38.0
Rank 2	11	11.0	49.0
Rank 3	4	4.0	53.0
Rank 4	11	11.0	64.0
Rank 5	36	36.0	100.0
Total	100	100.0	100.0

This table reveals that only 1% of the respondents rank radio promotion as their number one attraction.

The foregoing tables show that a large percentage of respondents are first attracted to T.V promotion (62%) in the first place. Second place for promotion attraction goes to magazines ranked by 22% of the respondents, 9% are attracted to sales promotion (3rd place) , 6% attracted to bulletins, and finally 1% attracted to radio.



The following table shows why women in general use lipsticks, given four variables.

**Table 4-21 Why use lipsticks**

Why use lipstick	Frequency	Percentage	Cum. %
Don't use	1	1.0	1.0
Appearance	74	74.0	75.0
Lip protection	7	7.0	82.0
Habit	13	13.0	95.0
Fashion	5	5.0	100.0
Total	100	100.0	100.0

Table 4-21 reveals that only 1% of the respondents don't use lipsticks, 74% of the respondents use lipsticks for appearance, 7% use it for lip protection, 13% use lipsticks as a habit, and only 5% use them for fashion.

Yet, the percentage of women using lipsticks is very large, and for curiosity purposes the question related to the approval or disapproval of husbands or mates to women wearing lipsticks resulted in that 45% prefer women without lipsticks, and 55% approving.

**Table 4-22 Husband/ mate preference**

Husb/mate pref.	Frequency	Percentage	Cum. %
No	45	45.0	45.0
Yes	55	55.0	100.0
Total	100	100.0	100.0

The next table reveals what type of lipsticks women prefer.

**Table 4-23 Lipstick Type Preference**

Lipstick type	Frequency	Percentage	Cum. %
Indifferent	3	3.0	3.0
Foreign	84	84.0	87.0
Domestic	13	13.0	100.0
Total	100	100.0	100.0

Thus 3% are indifferent to the type of the lipstick, 84% prefer foreign vs. 13% for domestic lipsticks. As to the reason behind their choice is shown in the following table.

**Table 4-24 Why Foreign?**

Foreign	Frequency	Percentage	Cum. %
Quality	80	80.0	80.0
Price	0	0	0
Package	0	0	0
Self-satisfaction	4	4.0	84.0
Don't use	16	16.0	100.0
Total	100	100.0	100.0

Table 4-24 shows that 80% of women prefer the foreign lipstick due to quality, whereas 4% prefer it due to self-satisfaction. The remaining 16% are those respondents that do not use foreign lipsticks or are indifferent to the variables.

**Table 4-25 Why Domestic?**

Domestic	Frequency	Percentage	Cum. %
Quality	0	0	0
Price	17	17.0	17.0
Package	0	0	0
Self-satisfaction	2	2.0	19.0
Don't use	81	81.0	100.0
Total	100	100.0	100.0

This shows that 17% of women buy domestic lipstick due to price, while 2% are satisfied with that product. Moreover, the remaining 81% are those women who prefer foreign or are indifferent to the variables.

To study the behaviour of women with respect to their trying a new launched brand, the results were as follows 18% will not try the new brand vs. 82% of respondents who are ready to try a new launched brand.

**Table 4-26 New launched brand**

Try new Brand	Frequency	Percentage	Cum. %
No	18	18.0	18.0
Yes	82	82.0	100.0
Total	100	100.0	100.0

The following will concentrate specifically on the "Lancome" brand.

**Table 4-27**

Heard / Lancome	Frequency	Percentage	Cum. %
No	5	5.0	5.0
Yes	95	95.0	100.0
Tried / Lancome	Frequency	Percentage	Cum. %
No	39	39.0	39.0
Yes	61	61.0	100.0
Lancome/ Quality	Frequency	Percentage	Cum. %
Good	91	91.0	91.0
Not bad	0	0	0
Don't know	9	9.0	100.0
Lancome/colors	Frequency	Percentage	Cum. %
Variety	86	86.0	86.0
No variety	4	4.0	90.0
No idea	10	10.0	100.0
Lancome/ price	Frequency	Percentage	Cum. %
High	88	88.0	88.0
Low	1	1.0	89.0
No idea	11	11.0	100.0
Lancome/ product	Frequency	Percentage	Cum. %
Available	84	84.0	84.0
Unavailable	6	6.0	90.0
No idea	10	10.0	100.0

Therefore, 95% of the respondents are aware of the brand while 5% lack brand awareness.

61% of the respondents have tried "Lancome" while 39% haven't.

91% perceive "Lancome" as having good quality, and 9% gave no opinion. 86% of the respondents believe that "Lancome" has a wide variety of colors, whereas 4% do not believe in the same aspect, while 10% gave no opinion with respect to this issue.

88% of the respondents say that "lancome" has a relatively high price, while only 1% say the contrary. Moreover, 11% gave no opinion on the subject.

84% of the respondents believe that "lancome" is always available, while 6% believe that it is unavailable. Moreover, 10% gave no opinion regarding the matter.

Furthermore, as to the number of respondents currently using "Lancome" and why do they use it are reflected in the tables to follow.

**Table 4-28 Use "Lancome"**

Use Lancome	Frequency	Percentage	Cum. %
Yes	55	55.0	55.0
No	45	45.0	100.0
Total	100	100.0	100.0

The percentage of women using "Lancome" as reflected in Table 4-28, is 55% versus 45 % of women who do not use "Lancome"



**Table 4-29 Why use "Lancome" .**

Variables	Frequency	Percentage	Cum. %
Quality	47	47.0	47.0
Habit	1	1.0	48.0
Convenience	3	3.0	51.0
Satisfied	4	4.0	55.0
Total	55	55.0	55.0

Table 4-29 shows that out of the 55% of women using "Lancome" , 47% use it because of its quality, 1% because of habit, 3% because of convenience, and 4% because of satisfaction.

**Table 4-30 Problems using "Lancome"**

Problems	Frequency	Percentage	Cum. %
Yes	3	3.0	3.0
No	52	52.0	55.0
Total	55	55.0	55.0

Table 4-30 reveals that 3% of the 55 respondents have encountered problems as allergy using "Lancome" , while 52 % had no problems.

**Table 4-31 Switch to other brand if not finding "Lancome"**

Switch	Frequency	Percentage	Cum. %
Yes	47	47.0	47.0
No	8	8.0	55.0
Total	55	55.0	55.0

Of the 55 respondents 47% will switch to another brand if not finding their "Lancome" lipstick, while 8% will not switch.

**Table 4-32 "Lancome" promotion**

Promotion	Frequency	Percentage	Cum. %
Attractive	35	35.0	35.0
Good	52	52.0	87.0
Could be better	7	7.0	94.0
Haven't seen	6	6.0	100.0
Total	100	100.0	100.0

As to "Lancome's" promotion, 35% revealed that it was attractive, 52% revealed that it was good, 7% said it could b better, and 6% claimed they haven't seen it.

**Table 4-33 "Lancome" Celebrity**

Celebrity	Frequency	Percentage	Cum. %
Very Beautiful	39	39.0	39.0
Beautiful	39	39.0	78.0
Not bad	18	18.0	96.0
Haven't seen	4	4.0	100.0
Total	100	100.0	100.0

Table 4-33 shows that 39% of the respondents claim that the celebrity chosen are both very beautiful and beautiful. Whereas 18% claimed them to be not bad. As to the remaining 4% they haven't seen the celebrity.

Therefore as a conclusion 91% of the respondents claim that "Lancome" has good quality, 88% claim that it has a high price, 86% believe of the variety of colors offered, and 84% claim it to be always available. Yet, only 55% of the respondents currently use "Lancome" for its good quality offered first, followed by satisfaction, convenience, and finally habit. However, 52% of the 55 respondents have not encountered any problems in using "Lancome" but, 47% will switch to a substitute in case their brand is not found. However, the majority of opinion with respect to promotion is that it is good, and the celebrities chosen are beautiful.

Now that the "Lancome" brand has been presented, the next topic to discuss and analyze is the respondents' behavior towards the "Dali" brand.

**Table 4-34 "Dali" brand**

Heard	Frequency	Percentage	Cum. %
Yes	95	95.0	95.0
No	5	5.0	100.0
Tried/Dali	Frequency	Percentage	Cum. %
Yes	43	43.0	43.0
No	57	57.0	100.0
Quality	Frequency	Percentage	Cum. %
Good	12	12.0	12.0
Not bad	67	67.0	79.0
No idea	21	21.0	100.0
Price	Frequency	Percentage	Cum. %
High	0	0.0	0.0
Low	75	75.0	75.0
No idea	25	25.0	100.0
Colors	Frequency	Percentage	Cum. %
Variety	57	57.0	57.0
No variety	20	20.0	77.0
No idea	23	23.0	100.0
Product	Frequency	Percentage	Cum. %
Available	69	69.0	69.0
Unavailable	6	6.0	75.0
No idea	25	25.0	100.0

Table 4-34 indicates that 95% of the respondents have heard of "Dali" in other words aware of the brand, while only 5% are unaware of "Dali".

This shows that 43% have tried "Dali lipstick, while 57% have not.

12% perceive "Dali" as having good quality, 67% claim it to have a not bad quality, while the rest of 21% have no idea of the subject.

75% of the respondents believe that "Dali" has a low price, while the remaining 25% have no idea.

The Table shows that a percentage of 57 claim that "Dali" has a variety of colors, while 20% claim the contrary, whereas 23% have no idea.

69% of the respondents claim that "Dali" is always available, 6% claim it is unavailable, while 25% have no idea.

**Table 4-35 Use of "Dali"**

Use	Frequency	Percentage	Cum. %
Yes	20	20.0	20.0
No	80	80.0	100.0

In table 4-35 20% of the respondents currently use "Dali" while 80% don't. As to why use it is reflected in the table to follow.

**Table 4-36 Why use "Dali"**

Variable	Frequency	Percentage	Cum. %
Quality	2	2.0	2.0
Price	14	14.0	16.0
Habit	2	2.0	18.0
Convenience	2	2.0	20.0
Total	20	20.0	20.0

Thus as shown in Table 4-36 the majority of the 20 respondents i.e, 14 use "Dali" because of its price, 2 use it for quality reasons, 2 out of the 20 use it out of habit, and another 2 use it because it is convenient.

**Table 4-37 Problems using "Dali"**

problems	Frequency	Percentage	Cum. %
Yes	8	8.0	8.0
No	12	12.0	20.0
Total	20	2.0	20.0

Table 4-37 shows that 8 respondents of the 20 who use "Dali" encountered problems, as allergy and strong odor which hurts the throat, while the rest 12 did not.

**Table 4-38 Switch if not finding "Dali"**

Switch	Frequency	Percentage	Cum. %
Yes	20	20.0	20.0
No	0	0	20.0
Total	20	20.0	20.0

Table 4-38 indicates that all the 20 respondents who currently use "Dali" are willing to switch to a substitute if "Dali" was not found.

**Table 4-39 "Dali" promotion.**

Promotion	Frequency	Percentage	Cum. %
Attractive	5	5.0	5.0
Good	23	23.0	28.0
Could be Better	60	60.0	88.0
Haven't seen	12	12.0	100.0
Total	100	100.0	100.0

This shows that 5% of the respondents think that the "Dali" promotion is attractive, 23% think it is good, 60% claim it could be better, and the remaining 12% claim they haven't seen the promotion.

As a conclusion of the "Dali" analysis, the brand awareness constitutes 95% of the respondents, while 43% have tried it. Moreover, 67% think it has not at all a bad quality, 75% claim it has a low price, 57% believe that there is a variety of colors and 69% claim they could find "Dali" everywhere. As to those who currently use "Dali", they constitute 20% of the respondents, and the reasons behind using "Dali" is mainly due to price, followed with a low percentage due to habit, quality, and convenience. The number of respondents who claim to have problems in using "Dali" is only 8. Yet the percentage of those who would switch to a substitute in case "Dali" is not found is the whole 20 respondents. Moreover, 60% of the respondents claim that the promotion of the "Dali" product could be much better.

#### **4.2 Cross-Tabulations**

The chi-square test of independence is a test for the hypothesis of whether two variables are independent of each other. If the probability, known as the significance level, is less than 0.05, the hypothesis that the two variables are independent is rejected.



#### 4.2.1 Cross-Tabulation : Use of cosmetics by Age

Age Use	< 18	19 & 25	26& 35	35 & 45	> 45	Row total
No		1 2.0				1 1.0
Yes	12 100.0	50 98.0	20 100.0	7 100.0	10 100.0	99.0 99.0
Col.Tot.	12 12.0	51 51.0	20 20.0	7 7.0	10 10.0	100 100.0

<u>Chi-Square</u>	<u>D.F</u>	<u>Significance</u>	<u>Min. E.F</u>
0.97049	4	0.9142	0.070

There is no significant variability as shown in the Chi-square, where all respondents of the different ages use cosmetics, except for only one respondent. This could be due to the fact that respondents of different ages use cosmetics, except for only one.

#### 4.2.2 Cross-Tabulation Use Cosmetics by Job

Job Use	Housewife	Employee	Student	Other	Row Total
No		1 1.33			1 1.0
Yes	16 100.0	29 96.7	52 100.0	2 100.0	99 99.0
Col.Tot.	16 16.0	30 30.0	52 52.0	2 2.0	100 100.0

<u>Chi-Square</u>	<u>D.F</u>	<u>Significance</u>	<u>Min.E.F.</u>
2.35690	3	0.5017	0.020

This test with a significance of 0.5017 shows that all respondents except for only one use cosmetics. This indicates that the two variables use and job are independent .

#### 4.2.3 Cross-Tabulation: Use Lancome by Age

Age Use	< 18	19 & 25	26& 35	35 & 45	> 45	Row tot.
No	7 58.3	28 54.9	6 30.0	1 14.3	3 30.0	45 45.0
Yes	5 41.7	23 45.1	14 70.0	6 85.7	7 70.0	55 55.0
Col.Tot.	12 12.0	51 51.0	20 20.0	7 7.0	10 10.0	100 100.0

<u>Chi-Square</u>	<u>D.F</u>	<u>Significance</u>	<u>Min. E.F</u>
8.2773	4	0.0819	3.150

This shows that 55% of the respondents use "Lancome", however, 85% of respondents between 35 & 45 use "Lancome". Yet, the result  $0.0819 > 0.05$  shows no significant variability, which means that there is no variation among the different ages in using "Lancome".

#### 4.2.4 Cross-Tabulation: Using "Lancome" by job

Job Use	Housewife	Employee	Student	Other	Row total
No	5 31.3	4 46.7	26 50.0		45 45.0
Yes	11 68.8	16 53.3	26 50.0	2 100.0	55 55.0
Col.Tot.	16 16.0	30 30.0	52 52.0	2 2.0	100 100.0

<u>Chi-Square</u>	<u>D.F</u>	<u>Significance</u>	<u>Min. E.F</u>
3.41751	3	.3316	0.900

There is no significant variability in using "Lancome" along the job variable. This is shown by the Chi-square of  $0.3316 > 0.05$ .

#### 4.2.5 Cross-Tabulation: Use "Lancome" by protection

Protect. Use/Lan.	rank 0	rank 1	rank 2	rank 3	rank 4	rank 5	Row Total
rank 0	26 59.1	5 20.0	2 22.2	2 25.0		1 50.0	38 38.0
rank 1	9 20.5	13 52.0	11 61.1	2 25.0	2 66.7	1 50.0	38 38.0
rank 2	4 9.1	3 12.0	1 5.6	1 12.5			9 9.0
rank 3	4 9.1	2 8.0	2 11.1	2 25.0			10 10.0
rank 4	1 2.3	2 8.0		1 12.5	1 33.3		5 5.0
Col. Total	44 44.0	25 25.0	18 18.0	8 8.0	3 3.0	2 2.0	100 100.0

Chi-SquareD.FSignificanceMin. E.F.

29.82372

20

0.0728

0.1

The Chi-square shows no significance of respondents using "Lancome" along safety, since  $0.07 > 0.05$ . Moreover, it is shown that 66.7% of those using "Lancome" rank safety in the 4th position. This might lead to a lack of variability since a very high percentage do not consider protection as a first priority.

#### 4.2.6 Cross-Tabulation: Use "Lancome" by Prestige

Prestige Use/Lanc.	rank 0	rank 1	rank 2	rank 3	rank 4	rank 5	Row Total
rank 0	26 56.5	2 40.0	2 50.0	1 16.7	2 33.3	5 15.2	38 38.0
rank 1	10 21.7			3 50.0	4 66.7	21 63.6	38 38.0
rank 2	5 10.9	1 20.0	1 25.0	1 16.7		1 3.0	9 9.0
rank 3	4 8.7	1 20.0	1 25.0			4 12.1	10 10.0
rank 4	1 2.2	1 20.0		1 16.7		2 6.1	5 5.0
Col. Total	46 46.0	5 5.0	4 4.0	6 6.0	6 6.0	33 33.0	100 100.0

Chi-Square

D.F

Significance

Min. E.F

35.69572

20

0.0167

0.2

The Chi-square test shows a complete significant variability of  $0.0167 < 0.05$ . 66.7% of those using "Lancome" rank prestige in the 4th place.

#### 4.2.7 Cross-Tabulation Use by long-lasting

Lasting Use/Lanc.	rank 0	rank 1	rank 2	rank 3	rank 4	rank 5	Row Total
rank 0	19 65.5	13 37.1	4 18.2		1 20.0		38 38.0
rank 1	5 17.2	16 45.7	12 54.5	2 28.6	2 40.0	1 25.0	38 38.0
rank 2	3 10.3	1 2.9	4 18.2	1 14.3		1 25.0	9 9.0
rank 3	1 3.4	4 11.4	1 4.5	3 42.9	1 20.0	1 25.0	10 10.0
rank 4	1 3.4	1 2.9	1 4.5	1 14.3	1 20.0	1 25.0	5 5.0
Col. Total	29 29.0	35 35.0	22 22.0	7 7.0	5 5.0	4 4.0	100 100.0

Chi-square

D.F.

Significance

Min. E.F.

35.57689

20

0.0175

0.1

The Chi-square test results show that there is a complete significant variability being  $0.0175 < 0.05$  significance level. 45.7% of respondents using "Lancome" in the first place, rank the variable lasting as number 1.

#### 4.2.8 Cross-Tabulation: Use "Lancome" by Loyalty.

Loyalty Use/Lanc.	rank 0	rank 1	rank 2	rank 3	rank 4	rank 5	Row Total
rank 0	26 59.1		5 50.0	3 20.0	4 17.4		38 38.0
rank 1	8 18.2	4 100.0	3 30.0	11 73.3	11 47.8	1 25.0	38 38.0
rank 2	6 13.6				2 8.7	1 25.0	9 9.0
rank 3	4 9.1		1 10.0		4 17.4	1 25.0	10 10.0
rank 4			1 10.0	1 6.7	2 8.7	1 25.0	5 5.0
Col. Total	44 44.0	4 4.0	10 10.0	15 15.0	23 23.0	4 4.0	100 100.0

<u>Chi-square</u>	<u>D.F</u>	<u>Significance</u>	<u>Min. E.F</u>
42.57756	20	0.0023	0.2

As noticed 100% of "Lancome" users rank loyalty in the 1st place. The Chi-Square test results in a significant variability with a p-level of 0.0023 which is very high as compared to a significance of 0.05.

#### 4.2.9 Cross-Tabulation: Use "Lancome" by Habit

Habit Use/ Lanc	rank 0	rank 1	rank 2	rank 3	rank 4	rank 5	Row Total
rank 0	15 60.0	17 53.1	1 11.1	3 18.8	1 9.1	1 14.0	38 38.0
rank 1	7 28.0	5 15.6	4 44.4	11 68.8	8 72.7	3 42.9	38 38.0
rank 2	1 4.0	5 15.6		1 6.3	1 9.1	1 14.3	9 9.0
rank 3	2 8.0	4 12.5	1 11.1	1 6.3	1 9.1	1 14.3	10 10.0
rank 4		1 0.1	3 33.3			1 14.3	5 5.0
Col.	25	32	9	16	11	7	100
Total	25.0	32.0	9.0	16.0	11.0	7.0	100.0

Chi-squareD.FSignificanceMin. E.F.

46.89921

20

0.0006

0.35

As it be noticed that there is a complete significant variability between use of "Lancome" along habit. This is shown in the Chi-square with a complete significance of 0.0006 which is less than 0.05. However, 72.7% of "Lancome" users rank habit in the 4th place.



#### 4.2.10 Cross-Tabulation: Use Dali by Age

Age Use/Dali	< 18	19 & 25	26& 35	35 & 45	> 45	Row tot.
No	5 41.7	47 92.2	16 80.0	7 100.0	5 50.0	80 80.0
Yes	7 58.0	4 7.8	4 20.0		5 50.0	20 20.0
Col.Tot.	12 12.0	51 51.0	20 20.0	7 7.0	10 10.0	100 100.0

<u>Chi-Square</u>	<u>D.F</u>	<u>Significance</u>	<u>Min. E.F.</u>
23.10662	4	0.0001	1.4

There is a complete significance of "dali" users along age. This is shown in the Chi-square test that has a significance of  $0.0001 < 0.05$ . However, 58% of "Dali" users fall below the age of 18.

#### 4.2.11 Cross-tabulation: Use "Dali" by job

Job Use/Dali	Housewife	Employee	Student	Other	Row total
No	11 68.8	26 86.7	42 80.8	1 50.0	80 80.0
Yes	5 31.3	4 13.3	10 19.2	1 50.0	20 20.0
Col.Tot.	16 16.0	30 30.0	52 52.0	2 2.0	100 100.0

<u>Chi-square</u>	<u>Significance</u>	<u>D.F.</u>	<u>Min. E.F.</u>
3.24319	0.3556	3	.400

There is no variability if using "Dali" along Job. This is proven with the significance of the Chi-square which is  $0.3556 > 0.05$ .

#### 4.2.12 Cross-Tabulation: Use "Dali" by Protection

Safety Use/Dali	rank 0	rank 1	rank 2	rank 3	rank 4	rank 5	Row Total
rank 0	31 70.5	16 52.0	6 33.3	1 12.5		2 100.0	53 53.0
rank 1	5 11.4		1 5.6	1 12.5			7 7.0
rank 2	1 2.3		1 5.6	1 12.5			3 3.0
rank 3	2 4.5	1 4.0	4 22.2		1 33.3		8 8.0
rank 4	1 2.3	5 20.0	3 16.7		1 33.3		10 10.0
rank 5	4 9.1	5 20.0	3 16.7	5 62.5			17 17.0
rank 6		1 4.0			1 33.3		2 2.0
Col. Total	44 44.0	25 25.0	18 18.0	8 8.0	3 3.0	2 2.0	100 100.0

<u>Chi-square</u>	<u>D.F.</u>	<u>Significance</u>	<u>Min. E.F.</u>
62.70567	30	0.0004	0.04

There is complete significant variability in using "Dali" along with safety. 62.5% of those using "Dali" in the 5th place rank safety as number 3. The significance level as shown by the chi-square is 0.0004 compared to a 0.05 significance level.

#### 4.2.13 Cross-Tabulation : Use "Dali along with prestige

Prestige Use/Dali	rank 0	rank 1	rank 2	rank 3	rank 4	rank 5	Row Total
rank 0	32 69.6	3 60.0	2 50.0	4 667.7	2 33.3	10 30.0	53 53.0
rank 1	5 10.9				1 16.7	2 6.1	7 7.0
rank 2	1 2.2					1 3.0	3 3.0
rank 3	3 6.5		1 25.0			4 12.1	8 8.0
rank 4	1 2.2		1 25.0	2 33.3		6 18.2	10 10.0
rank 5	4 8.7	2 40.0			2 33.3	9 27.3	17 17.0
rank 6					1 16.7	1 3.0	2 2.0
Col. Total	46 46.0	5 5.0	4 4.0	6 6.0	6 6.0	33 33.0	100 100.0

<u>Chi-Square</u>	<u>D.F</u>	<u>Significance</u>	<u>Min. E.F</u>
42.96227	30	0.0590	0.080

The significance of 0.059 > than 0.05 shows that there is no variability of "Dali" use along the prestige variable. 40% of those who use "Dali" in the 5th place rank prestige as number 1.

#### 4.2.14 Cross-Tabulation: Use "Dali" by Lasting

Lasting Use/Dali	rank 0	rank 1	rank 2	rank 3	rank 4	rank 5	Row Total
rank 0	19 65.5	17 48.6	13 59.1	3 42.9	1 20.0		53 53.0
rank 1	5 17.2				2 40.0		7 7.0
rank 2	1 3.4			1 14.3		1 50.0	3 3.0
rank 3	3 10.3	5 14.3					8 8.0
rank 4		4 11.4	4 18.2	1 14.3	1 20.0		10 10.0
rank 5	1 3.4	8 22.9	5 22.7	2 28.6	1 20.0		17 17.0
rank 6		1 2.9				1 50.0	2 2.0
Col. Total	29 29.0	35 35.0	22 22.0	7 7.0	5 5.0	2 2.0	100 100.0

<u>Chi-square</u>	<u>D.F</u>	<u>Significance</u>	<u>Min. E.F.</u>
79.37653	30	0.0000	0.04

There is complete significant variability along the long-lasting variable. This is shown with a significance of 0.0000 in the Chi-square test. However, 50% of those who rank "Dali" use in the 2nd place rank lasting as 5th position. Similarly those who use "Dali" as their 6th choice claim that lasting falls in rank number 5.

#### 4.2.15 Cross-Tabulation: Use "Dali" by loyalty.

Loyalty Use/Dali	rank 0	rank 1	rank 2	rank 3	rank 4	rank 5	Row Total
rank 0	33 75.0	3 75.0	2 20.0	4 26.7	11 47.8		53 53.0
rank 1	1 2.3		5 50.0	1 6.7			7 7.0
rank 2	1 2.3		1 10.0		1 4.3		3 3.0
rank 3	4 9.1		1 10.0	2 13.3	1 4.3		8 8.0
rank 4	1 2.3	1 25.0	1 10.0	3 20.0	3 13.0	1 25.0	10 10.0
rank 5	4 9.1			3 20.0	7 30.4	3 75.0	17 17.0
rank 6				2 13.3			2 2.0
Col. Total	44 44.0	4 4.0	10 10.0	15 15.0	23 23.0	4 4.0	100 100.0

<u>Chi-square</u>	<u>D.F</u>	<u>Significance</u>	<u>Min. E.F</u>
76.75002	30	0.0000	0.080

There is complete significant variability as shown by the chi-square test with a 0.0000 significance compared to 0.05. 75% of those who use "Dali" as their 5th choice, rank loyalty to brand in the 5th position.

#### 4.2.16 Cross-Tabulation: Use "Dali" by Habit

Habit Use/Dali	rank 0	rank 1	rank 2	rank 3	rank 4	rank 5	Row Total
rank 0	21 84.0	16 50.0	2 22.2	8 50.0	2 18.2	4 57.1	53 53.0
rank 1		7 21.9					7 7.0
rank 2		3 9.4					3 3.0
rank 3	2 8.0	2 6.3		2 12.5	2 18.2		8 8.0
rank 4	1 4.0			3 18.8	4 36.4	2 28.6	10 10.0
rank 5	1 4.0	4 12.5	5 55.6	3 18.8	3 27.3	1 14.3	17 17.0
rank 6			2 22.2				2 2.0
Col. Total	25 25.0	32 32.0	9 9.0	16 16.0	11 11.0	7 7.0	100 100.0

<u>Chi-square</u>	<u>D.F</u>	<u>Significance</u>	<u>Min. E.F.</u>
81.23013	30	0.0000	0.140

The results of the Chi-square prove that there is complete significance along habit, where the significance determined is 0.0000 as compared to a 0.05 significance level. 55.6% of those who use "Dali" in the 5th place rank habit in the 2nd place.

### **4.3 Regression Analysis**

To determine the influence of the variable factors in the level of using "Lancome" and "Dali", regression analysis was used in order to build a regression equation that will depict the relationship between the dependent and independent variable. The dependent variable is the variable which is to be explained by the different independent variables.

#### **4.3.1 Building a regression equation for "Lancome"**

The dependent variable is the "use Lancome" which is to be explained through the independent variable problems.

Variable	Beta	T	Sig. T
Problems	-0.97910	-47.654	.0000
Constant	1.00576	71.849	.0000

$R^2 = 0.95863$

$F = 2270.88905$

Sig. F. = 0.0000

The regression equation is as follows: Use of "Lancome" =  $1.00576 - 0.97910$  problems. The interpretation is as follows:

There is a very high correlation between dependent and independent variables, as shown in  $R^2 = 0.95863$ . Moreover,  $b = -0.97910$  indicates that as problems increase the level of using "Lancome" will decrease. Add to that there is complete significance between the two variables since  $\text{sig.}T = 0.0000$ . Yet, those problems could be the result of defects in quality, or dissatisfaction of the consumer. Thus there is a negative relationship between the use of "Lancome" and problems. The reason behind this high correlation refers to the confidence of people in the "Lancome" products, i.e., people will immediately stop using the product once a very minor problem results, and thus the product's image is ruined.



The regression analysis for the use of "Dali" is as follows:

Variable	Beta	T	Sig. T
problems	-0.96711	-37.638	0.0000
Constant	1.09025	42.275	0.0000

$R^2 = 0.93530$

$F = 1416.59752$

Sig.  $F = 0.0000$

The equation of the regression is stated as follows: Use of "Dali" =  $1.09025 - 0.96711$  problems. The regression analysis shows that there is a very high correlation between the dependent and independent variables, as shown by the  $R^2 = 0.93530$  of 93.53%. Moreover, the level of significance is complete as determined to be 0.0000. To further explain, if the quality of "Dali" decreases, which is considered one of the problems, the level of use of that product decreases. However, no further relationships were observed for other variables.

## **Chapter Five**

### **Conclusion and Recommendation**

The research conducted through the questionnaires as analyzed in Chapter Four, help in coming up with a sound decision and recommendation.

Therefore, the statement of the purpose has been assessed through the findings that in fact the Lebanese Cosmetics Industry is not capable of challenging the foreign cosmetics industry. Although S.L.E.E is considered to be one of the important manufacturers of cosmetics in Lebanon, it lacks the potential to compete with foreign industries. Through the statistics gathered from Chapter Four, one can realize that from Table 3 which shows the percentage of uses of lipsticks is compatible with the findings, that Lancome is the number one used lipstick in Lebanon, for the many reasons previously discussed.

What also attracts the attention is that a large percentage of women perceive "Dali" as a not bad quality product with a low price. It is true that the budget needed is very large to make the quality of "Dali" compatible with "Lancome", but at least let it be of a medium type product. S.L.E.E faces some problems besides not having the enough budget. Of these problems is strong competition from all brands foreign and domestic. Another problem is the high tariffs and duties charged. Yet, another is the

lack of encouragement from the authorities to build a potential cosmetics industry. All those problems as stated by Mr. Toufic Rizk makes the business weaker. Thus for the purpose of minimizing those problems the following are recommended.

1- Improve the quality of the product. Based on the last part of the questionnaire "your final opinion", many responses were gathered, some of which included "that the lipstick is not lasting", "it has a very strong odor", "it lacks the variety of attractive colors", and "it is not smooth on the lips". Taking those aspects into consideration, what could be done is to use a reverse engineering technique, find out the percentages of ingredients such as wax and oil, and produce a good quality product.

2- Although all types of promotion are costly, yet a reminder advertisement could be effective to remind the consumer of the presence of the product. What could be very effective also as promotion but at the same time very costly, is sales promotion.

3- The company could concentrate more on training, specifically foreign training, or even send their people to be trained abroad. If that is impossible or needs a large budget, chemistry books, cosmetics books could be read to gather the needed information, as well as researches could be done to determine the preferences, tastes and attitudes of women.

4- The company should raise the image of the product from a mass product to a medium product. This could be achieved through improving the quality, improving the promotion, and improving the displays at point of sales which play an important role in attracting consumer attention

5- Concentration on the design of packaging should be made. Knowing that packaging and labeling positively influence the decision for purchasing, the current package of "Dali" should be altered and designed in a way to show a good brand image, since people believe that a good quality product carries an attractive and seducing package.

6- The use of celebrities in promoting their product is very important. People are influenced by a certain celebrity, and this is reflected in their attitude towards purchasing. For example, "Lancome" followed a very intelligent way of promoting its products through a very well-known celebrity, and the results were high sales.

7- However, what could also help in improving the Lebanese cosmetics industry is the emergence of a new domestic brand created by a very well-known fashion designer. It is not necessary that the designer knows anything about cosmetics, but must be able to finance such a project, by constructing his own factory, call for trainers, benefiting from their know-how and acquiring the recent technology. This type of investment by a fashion designer, will be similar to the many investments made by international

designers such as Dior, Chanel, and Ricci. With the creation of a new domestic cosmetic product holding the name of the designer and carrying a relatively high price, people will not hesitate to try the product, since that designer has a good trustworthy and prestigious image among them.

### **Recommendation for Future Research**

This study could have been further expanded had not the time factor was short. Therefore suggestions for future research include:

- a larger sample from different regions, including national as well as international if possible.
- comparison between various brands, not limiting the study to only two brands.
- comparison between different cosmetics products not only lipsticks.

All those factors along with a longer time margin will help come out with a sound reliable research to deeply detect the defaults of the Lebanese cosmetics industry.

## **APPENDIX**

**LIPSTICK**  
**TYPE, MARKET SHARES, PENETRATION RATES, AVERAGE**  
**PRICES**

<i>BRAND</i>	<i>GLOBAL</i>	<i>PENETRATION</i>	<i>AVERAGE</i>	<i>TYPE</i>	<i>CLASS</i>
	<i>MKT.SHARE</i>	<i>RATE</i>	<i>PRICE \$</i>		
Samoa	6.39%	4.31%	2.85	D. Cond.	C
Dali	6.17%	4.74%	1.34	D. Manuf.	C
Mary Cohr	5.50%	3.02%	10.5	Foreign	B
Revlon	5.07%	2.16%	8.57	Foreign	B
Pupa	4.18%	1.72%	10.47	Foreign	B
Seventeen	4.08%	4.31%	4.62	D. Cond.	C
Lancome	3.99%	3.02%	20	Foreign	A
Layla	3.86%	2.59%	2.99	D. Cond.	C
Gemey	3.81%	2.59%	5.97	Foreign	C
Wet'n Wild	3.10%	3.45%	3.41	Foreign	C
Payot	3.02%	2.59%	17	Foreign	A
Bourgeois	2.78%	3.02%	6.4	Foreign	C
Max Factor	2.50%	1.72%	5.17	Foreign	C
Elisabeth Arden	1.02%	2.59%	18	Foreign	A
Others	0.73%	0.95%	8.58	Average	Avrg.

\* D. Cond.; Domestically Conditioned

\* D. Manuf. ; Domestically Manufactured

**TABLE 3: Lipsticks Brands Used**

## LIPSTICKS

BRAND	AGE					EDUCATION			REGION							SOCIAL CLASS			GRAND
	16-20	21-24	25-30	31-45	46-60	Prim.	Second	Univ.	Bekaa	East B	Kesr.	Metn	North	South	West	A	B	C	TOTAL
Astor	0%	0%	1%	1%	0%	2%	1%	0%	0%	2%	0%	0%	0%	0%	1%	0%	0%	1%	1%
Avon	7%	4%	6%	8%	5%	4%	6%	6%	9%	12%	4%	6%	4%	0%	6%	0%	6%	9%	6%
Benetton	0%	4%	0%	0%	0%	0%	1%	1%	0%	0%	0%	0%	0%	0%	3%	0%	2%	0%	1%
Body Shop	2%	0%	1%	0%	0%	0%	1%	1%	0%	0%	0%	0%	2%	3%	0%	1%	1%	0%	1%
Bourgeois	2%	0%	4%	5%	2%	6%	3%	3%	3%	2%	4%	4%	2%	3%	4%	1%	2%	5%	3%
Carita	0%	2%	0%	2%	0%	0%	1%	2%	0%	0%	0%	0%	4%	0%	1%	3%	0%	1%	1%
Chanel	7%	2%	3%	3%	5%	0%	3%	6%	0%	2%	0%	6%	4%	3%	6%	11%	3%	0%	3%
Christian Dior	5%	4%	3%	4%	9%	2%	5%	5%	9%	0%	7%	2%	4%	3%	7%	8%	6%	2%	5%
Clinique	0%	2%	0%	2%	2%	4%	0%	2%	0%	2%	2%	0%	2%	3%	0%	3%	0%	1%	1%
Collection 2000	0%	2%	1%	0%	0%	0%	0%	2%	0%	0%	0%	0%	0%	0%	3%	0%	1%	1%	1%
Dali	7%	8%	11%	4%	5%	15%	6%	3%	6%	5%	4%	0%	13%	13%	6%	0%	4%	12%	7%
Elizabeth Arden	2%	0%	3%	4%	0%	0%	3%	3%	0%	2%	2%	0%	11%	0%	0%	3%	1%	3%	2%
Estee Lauder	2%	0%	4%	3%	2%	2%	2%	3%	6%	0%	2%	2%	0%	7%	3%	4%	3%	1%	2%
Galenic	0%	2%	0%	1%	0%	2%	1%	0%	0%	0%	0%	0%	0%	7%	0%	0%	1%	1%	1%
Gemey	2%	6%	3%	3%	2%	0%	4%	3%	0%	2%	2%	8%	6%	3%	0%	3%	3%	3%	3%
Giono Rossini	0%	0%	0%	2%	0%	0%	1%	1%	3%	0%	0%	0%	2%	0%	0%	0%	0%	1%	1%
Guerlain	0%	2%	0%	3%	2%	2%	2%	1%	0%	0%	2%	0%	0%	13%	0%	5%	1%	0%	2%
Helen Betrix	0%	2%	0%	0%	2%	4%	0%	0%	3%	0%	2%	0%	0%	0%	0%	1%	0%	1%	1%
Lancaster	0%	0%	0%	3%	0%	0%	1%	1%	0%	2%	0%	0%	2%	0%	1%	0%	0%	2%	1%
Lancome	5%	6%	14%	11%	11%	4%	10%	13%	16%	14%	15%	14%	4%	10%	3%	16%	16%	3%	10%
Layla	2%	0%	1%	1%	2%	2%	1%	2%	3%	0%	0%	2%	0%	0%	3%	1%	2%	1%	1%
Liliane France	0%	0%	1%	1%	2%	0%	2%	0%	0%	2%	0%	4%	0%	0%	0%	0%	1%	1%	1%
Mary Cohr	0%	0%	1%	1%	0%	0%	1%	0%	6%	0%	0%	0%	0%	0%	0%	1%	0%	1%	1%
Mavata	0%	0%	0%	1%	2%	2%	1%	0%	0%	0%	0%	2%	2%	0%	0%	0%	0%	1%	1%
Max Factor	0%	2%	1%	4%	2%	4%	1%	3%	0%	0%	0%	6%	4%	0%	3%	1%	3%	2%	2%
Monteil	0%	0%	1%	1%	0%	0%	1%	0%	0%	0%	0%	0%	0%	0%	3%	0%	0%	1%	1%
Nina Ricci	0%	0%	3%	1%	0%	0%	1%	2%	3%	0%	0%	0%	4%	0%	0%	1%	1%	1%	1%
Others	7%	14%	15%	5%	7%	6%	10%	10%	16%	10%	11%	4%	9%	7%	10%	9%	7%	11%	9%
Personi	2%	0%	1%	0%	0%	0%	1%	1%	0%	0%	0%	0%	0%	3%	1%	0%	0%	1%	1%
Pierre Cardin	0%	4%	0%	1%	2%	0%	1%	2%	0%	0%	4%	0%	0%	3%	1%	3%	1%	1%	1%
Revlon	5%	0%	1%	8%	11%	12%	3%	6%	3%	7%	11%	4%	0%	3%	7%	5%	8%	3%	5%
Roc	2%	0%	1%	0%	0%	0%	1%	0%	3%	0%	2%	0%	0%	0%	0%	0%	1%	1%	1%
Samoa	14%	10%	4%	3%	5%	6%	6%	5%	6%	2%	7%	8%	6%	7%	6%	3%	7%	7%	6%
Seventeen	5%	2%	1%	2%	2%	2%	1%	3%	0%	5%	0%	2%	0%	0%	6%	0%	2%	3%	2%
St. Germain	12%	18%	6%	6%	2%	12%	10%	3%	3%	12%	15%	14%	9%	0%	1%	5%	7%	10%	8%
Valse	0%	0%	0%	2%	2%	4%	1%	0%	0%	2%	0%	2%	0%	0%	1%	0%	0%	2%	1%
Vanda	0%	0%	0%	2%	0%	0%	1%	0%	0%	2%	0%	0%	0%	0%	1%	1%	0%	1%	1%
Wet'n Wild	2%	2%	1%	1%	2%	4%	1%	1%	0%	2%	0%	6%	2%	0%	0%	3%	2%	1%	2%
Yves Rocher	2%	0%	3%	0%	5%	0%	1%	3%	0%	0%	2%	0%	2%	0%	4%	1%	2%	1%	2%
Yves St.Laurent	2%	4%	1%	4%	7%	2%	4%	4%	0%	7%	0%	4%	4%	7%	4%	7%	2%	3%	4%
LIpstick Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%



MESSRS:-----

Please state the official legal name of the company.

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Please provide some historical background about your Company, its owners and branches in Lebanon.

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What is your organizational chart? Board of Directors, managing directors, the various departments, the number of employees in each department and the total number of employees.

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What is the Company's objective?

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What kind of cosmetic products do you provide?

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How often do you launch a new product?

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What are the major sources of competition you face in Lebanon?

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How do you rate your lipstick quality?

- Excellent
- Very good
- Good
- Economy

Do you segment your market? target customers

- |       |           |                 |
|-------|-----------|-----------------|
| - Yes | - Class A | Above 15        |
|       | - Class B | between 15 & 25 |
|       | - Class C | Between 26 & 35 |
| - No  |           | Between 36 & 45 |
|       |           | Above 45        |

How do you explain your buyer's motives

- Convenience
- Price
- Quality
- Value
- Loyalty

What is your marketing-mix strategy ?

Product -----  
-----  
-----  
-----

Price -----  
-----  
-----  
-----

Place -----  
-----  
-----  
-----

Promotion -----  
-----  
-----  
-----

What is your structure of distribution ?

- Wholesaler
- Retailers
- Middlemen

What type of point of sales do you distribute Dali lipsticks? Please specify %

- Class A Perfumeries
- Class B Perfumeries
- Class C Perfumeries
- Pharmacies
- Supermarkets
- Grand stores

How, why and when do you offer price promotion for you customers?

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When is your peak season?

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How do you evaluate customer's purchasing decision?

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Do you have an advertising budget?

- Annual budget
- % of sales
- other -----

What types of advertising techniques do you use? Please specify in %.

- |              |             |
|--------------|-------------|
| - TV Ads     | - Magazines |
| - Newspapers | - Others    |
| - Radios     |             |
| - Bulletins  |             |

What problems do you face as a company in the cosmetics industry in Lebanon? How do you evaluate such an industry ?

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How many domestic cosmetic companies are there in the market?

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Thank you for the time and effort to make this research a successful project.

## QUESTIONNAIRE

The following questionnaire is oriented towards studying women's decision upon purchasing lipsticks. Please be as honest as possible for your contribution will help in the success of my thesis. Thank You!

Gender :                         F                    M

Age :      ☐ Under 18              ☐ Between 19 & 25              ☐ Between 26 & 35  
             ☐ Between 36 & 45              ☐ Above 45

Job :        ☐ Housewife        ☐ Employee        ☐ Student        ☐ Other

1. What kind of job do you hold ?

2. Do you use any kind of cosmetics?

\_\_\_ Yes                      No

If yes answer the following

3. What brand of lipsticks are you familiar with?

☐ Lancome      ☐ Chanel      ☐ Christian Dior      ☐ Dali  
☐ Samoa

4. What kind of lipstick do you use ? Rank

☐ Lancome      ☐ Chanel      ☐ Christian Dior      ☐ Dali  
☐ Samoa      ☐ Other

5. Why do you prefer that brand? Rank

— Safety                      — Prestige                      — Lasting                      — Loyalty

Habit

6. What kind of promotion best attracts your attention ? Rank

☐ T.V      ☐ Bulletins      ☐ Magazines      ☐ Sales promotion  
☐ Radio

7. Which is your favorite ? Rank

☐ T.V      ☐ Bulletins      ☐ Magazines      ☐ Sales promotion  
☐ Radio

8. Why do you use lipsticks?

☐ Appearance      ☐ Lip Protection      ☐ Habit      ☐ Fashion

9. Does your husband or mate prefer you with lipstick ?

☐ Yes      ☐ No

10. What type of lipstick do you prefer ?

☐ Foreign      ☐ Domestic

11. If foreign Why ?

☐ Quality      ☐ Price      ☐ Package      ☐ Self-satisfaction

12. If domestic Why ?

☐ Quality      ☐ Price      ☐ Package      ☐ Self-satisfaction

13. In case of launching a new brand would you switch to trying it?

☐ Yes      ☐ No

14. Have you heard of Lancome lipstick?

☐ Yes      ☐ No

15. Have you tried it ?

☐ Yes      ☐ No

16. What do you think of it ? (Write the initial of the term) Rank

☐ Good/Bad Quality   ☐ Variety/No Variety of colors   ☐ High/Low Price  
☐ Available/Unavailable

17. Do you use Lancome

☐ Yes   ☐ No

If yes answer the following

If No go to 21

18. Why do you use Lancome? Rank

☐ Quality   ☐ Habit   ☐ Convenience   ☐ Satisfied

19. Have you ever had problems in using Lancome ?

☐ Yes   ☐ No

20. In case of not finding your Lancome lipstick will you switch to a substitute?

☐ Yes   ☐ No

21. What do you think of the Lancome promotion?

☐ Attractive   ☐ Good   ☐ Could be better

22. What do you think of the celebrities chosen?

☐ Very beautiful   ☐ Beautiful   ☐ Not bad

23. Would you prefer any other celebrity?

☐ Yes ( Who?)   ☐ No

24. Have you heard of Dali?

☐ Yes   ☐ No



25. Have you tried Dali Lipstick ?

☐ Yes ☐ No

26. What do you think of the product?( Write the initial of the term) Rank.

☐ Good/Not Bad Quality ☐ High/ Low Price ☐ Variety/No Variety of colors  
☐ Available/Unavailable

27. Do you use Dali?

☐ Yes ☐ No

If yes answer the following

If no go to 31

28. Why do you use Dali ?

☐ Quality ☐ Price ☐ Habit ☐ Convenience

29. Have you had any problems using Dali lipstick?

☐ Yes ☐ No

30. In case your Dali lipstick is not found would you switch to a substitute ?

☐ Yes ☐ No

31. What do you think of the Dali promotion?

☐ Attractive ☐ Good ☐ Could be better

32. What is your final opinion on Lancome lipstick ?

33. What is your final opinion on Dali lipstick ?

Thank You .

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