BEIRUT UNIVERSITY COLLEGE

STRATEGIE TRADING COMPANY (STC):
AN ASSESSMENT OF MARKETING MIX STRATEGIES

By

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submitted in partial fulfillment of the requirements for the
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TITLE OF THE RESEARCH PROJECT:
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JULY, 1994
to my father and mother,
for their love and support
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ABSTRACT

The basic underlying concept of marketing can be stated as "The collection of activities undertaken by a firm to relate profitably to its market". This is made possible through the firm:

- Examining its potential buyers and determining their needs.
- Creating a product or service to fulfill it.
- Making the products available to the end user through efficient distribution.

The research at hand describes and assesses the marketing mix strategies of Strategie Trading Company (STC), the exclusive agent of Musar Wine, Lindt Chocolate, Bahlsen Biscuits, Passport Scotch Whisky, and K.D.D. Juice.

The researcher has chosen to conduct this analysis concerning STC's marketing and promotional strategies because no similar research has been carried out in the past.

STC's marketing environment is characterized by heavy competition between different product lines in terms of market share, pricing strategies, distribution channels, promotional campaigns...
Now that the Lebanese crisis came to an end, companies are struggling to regain efficiency and productivity, especially now that competition is making a comeback both locally & internationally.

STC pursues three main objectives:
- Increase bottom line profit margin by using just in time policy
- Prompt and efficient service combining established and new products to capture a larger market share.
- Maintain a healthy and viable internal system.

According to the findings of this research, the determination of STC is to maximize its product and marketing mixes to achieve its important goal of customer satisfaction, growth, and establishment, thus imposing itself as a company that meets the current and potential demands of the ever-growing consumer base as well as the expanding challenges of the area.

In summary, STC has in fact achieved a certain level of growth and success, and although there is still a long way to go, the firm is approaching its goals of customer satisfaction as well as efficient distribution, promotion, and product strategies, making Strategie Trading Company join the believers of the marketing concept rather than the pure selling concept.
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CHAPTER ONE

INTRODUCTION

The Lebanese market is characterized by heavy competition. Many established companies are fighting for a share in Lebanon's consumer market. The most common tendency is for large companies to cannibalize smaller and weaker ones. This is easily accomplished because the large companies have considerable financial backing and resources that can prolong the business cycles of their products and operations, an advantage that is not shared by small businesses.¹

Competition is not limited only to products. It is also based on pricing strategies, distribution channels, promotional campaigns, business favors, business contacts, and most importantly for the expansion of the company, access to and maintenance of new and potential products from foreign and local suppliers.

There is significant pressure on the distributing company in the market because of competition. Traders such as restaurants, supermarkets, and other points of sale are constantly attempting to gain the maximum advantage they can from distributors. They want to benefit as much as possible and threaten to shift to distributors that carry competitive products if their demands are not met.²
STATEMENT OF THE PROBLEM:

1- Strategic Trading Co. (STC) is very strong competitively in the market-place due to its membership in Fattal Holding Co. This is true, because Fattal provides STC with a competitive edge through its name, image, financial backing, reputation, organized distribution channels, goodwill vis-à-vis suppliers, significant resources, and wide-ranged product lines. Because of the trader's needs for Fattal's products as a whole, and since STC is a part of Fattal Holding, its products are better positioned in the market throughout on-trade points of sale including restaurants, night-clubs, and pubs and off-trade points of sale consisting of wholesalers, retailers, supermarkets, and grocery stores.3

Lebanon's political, financial, and economic instability during the hard years of war has severely affected its business sector. Companies are struggling to regain efficiency and productivity, especially now that competition is making a comeback both locally and internationally. Lebanon's new-found peace has opened doors to foreign competitors who can easily undermine the Lebanese companies because they have not suffered the results of war, and thus have more stable economic and political situations. In addition, they can offer better services and utilities to traders, as well as ready infrastructures that can meet all market demands.

2- Strategic Trading Co. is a growing company that does not have the firm market position that other Fattal Holding Co. members have. STC is also in the midst of the Lebanese economic and political environment. STC has yet to establish and get moving its weaker and less-known products in the market, as well as strengthen its position with its already established product lines.
3- Fattal has made a significant investment in STC in terms of training personnel, providing rental space, warehousing, utilities, travel expenses, and reputation. If STC is unable to achieve its goals, the company will no longer have the ability to survive in such a highly competitive and fast-growing market.4

4- The research study has been made in order to determine whether STC's marketing strategies and activities related to business such as its product strategies, pricing decisions, distribution strategies, and promotional activities are achieving its important goal of customer satisfaction, which is important in determining the success of a company. It is this satisfied consumer that will ensure the long-lasting success and growth of a consumer-product company. It is therefore highly important that the business sector understands and provides for the needs of the target market.

5- The research study shows how STC maximizes its product and marketing mixes to achieve its goal of growth and establishment, thus imposing itself as a company that meets the current and potential demands of the ever-growing consumer base as well as the expanding challenges of the area.
NEED FOR THE STUDY:

The researcher has chosen to conduct this analysis concerning STC's marketing and promotional strategies because no similar research has been carried out. The researcher found it relevant to analyze and highlight the marketing environment and strategies from the perspective of a company such as STC.

RESEARCH METHODOLOGY:

In conducting this research, it was found necessary to utilize a wide range of sources consisting of primary and secondary data in order to create a consistent and comprehensive study.

The leading source of information was obtained through the use of primary data. Personal experience as a product manager allowed for a more comprehensive understanding of the market. Another element of primary data involved interviews with all key personnel related to the sales, marketing, distribution, and promotional activities at STC. Interviews were also conducted with employees working in on-trade and off-trade outlets. (See appendix No 2)

Another important source of information is secondary data. This includes the use of academic books related to the subject matter, relevant statistical reports, and published company literature.
RESEARCH LIMITATIONS:

While gathering information for the study, the researcher came across some difficulties in obtaining all necessary data. These limitations were due to several factors:

- While conducting interviews with company employees, access to confidential information such as promotional supplier budgets, detailed marketing plans, financial data, competitive distribution strategies, and special discount strategies to large outlets were not easily and completely accessible. This was due to company confidentiality, and fear of competitors gaining access to the information.

- A second limitation is the lack of marketing sources about the Lebanese market. Most marketing references, are focused on the American market and are not easily adaptable to Lebanese environment.

- The Lebanese Chamber of Commerce lacks accurate, up-to-date economic market forecasts, current market research studies, and balance of trade estimates. There are no statistics on the volume of imports of similar competitive products related to the study.
Endnotes:

1- Interview with Miss Najwa Sfeir, Marketing Research Department, STC.
2- Marketing Plans of various product lines at STC for 1993.
3- Interview with Mr. Nabil Bou Malham, Managing Director, STC.
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CHAPTER TWO

MARKETING OBJECTIVES AND STRATEGIES

Marketing can be defined in many different ways but the basic, underlying concept can be stated as "the collection of activities undertaken by [a] firm to relate profitably to its market."1 In order to be a successful marketer, several important targets should be reached.

One is to examine and study the firm's potential buyers and determine the needs, wants, and factors that cause them to buy the product.

Second is to create a product or service that fulfills the customer's demands. Since the customer's needs and wants are constantly changing, it is worthwhile for the marketing firm, in the present, turbulent environment, to study the changes in the buying behaviors of the Lebanese customers.

Third, a firm must always set fair terms and prices while still making a good profit.

A fourth task is distribution, making the products available and convenient to the end users.

Fifth, it is important for a company to educate, inform, and persuade the consumer market to buy what it has introduced into the market through different methods of persuasive promotional programs.

All of these variables constitute an effective marketing program and are referred to as the marketing mix. These functions must be related and co-ordinated in order to reach a system of efficient marketing management. Therefore, it can be determined that marketing is "the exchange process between seller and buyer. It involves a number of interrelated business
activities designed to promote, distribute, and price a product or service in order to meet the wants and needs of both consumers and producers."²

The underlying and basic motive for marketing lies in satisfying and fulfilling the needs and wants of the end-user, yet a distinction must be made between needs, wants, and demands.

A human need is a state of felt deprivation of some basic satisfaction... Wants and desires for specific satisfiers of these deeper needs... Demands are wants for specific products that are backed up by an ability and willingness to buy them."³

Wants become demands when backed up by purchasing power.³

People buy when a want or need is generated. Marketers attempt to encourage the purchasing process through attractive, available, and reasonably-priced products and services.

The product itself, physical or intangible, is important to the consumer because it satisfies a want or a need. Many producers make the same mistake of concentrating on the product itself rather than the service that the product renders to the buyer. This practice causes what is known as "marketing myopia."⁴
When contemplating a purchase, a prospective buyer looks at many aspects of a product. He must first determine what product will offer him the most satisfaction or value for his money. He must then weigh in the price and determine its fairness against the satisfaction that can be gained.

In order for a marketing-oriented firm to provide products and services that satisfy market demands, they must analyze and research the market in order to determine what these demands are and to understand buying behaviors which vary according to social, cultural, personal, and psychological factors:

- Social buying behavior is influenced by family, social roles, status, and reference groups, or groups of people who have influence over the buyer in some way.
- Culturally, buying behavior is determined by different values and perceptions consumers are exposed to.
- On the personal level, a person's buying decisions are based on factors such as lifestyle, occupation, financial background, character, and self-image.
- Finally, there are four major psychological factors influencing the purchaser's choices they are: the various beliefs and attitudes, motivation, perception, and learning.

Having analyzed the different types of markets, it is now important to determine how marketing is related. Marketing is the activity that is exercised according to the nature of the market and thus performing an exchange that is beneficial to both the buyer and the supplier. Marketing is not simply the process of selling a good to a customer. It involves a well-thought out plan of responsible tactics. Two crucial traits found in successful
firms are "a drive to provide superior service and quality to customers and a
drive to innovate to develop new products and services." 6

There are five underlying philosophies that aid organizations in their marketing tasks:

1) The production concept states that the more affordable and available a product is, the more it will be favored by consumers. Consequently, the marketer's primary focus is to ameliorate its efficiency in production and distribution, and lower prices.

2) The product concept holds that reasonably priced quality products are favored and in this case only little promotional effort is needed.

3) The selling concept, as opposed to the product concept, states that a large promotional effort must be made in order to sell the product to the customer.

4) The marketing concept asserts that the role of the company is to discover the needs, wants, and preferences of specified target markets, and to ensure their satisfaction. This is based on four basic principles: Market-focus, customer-orientation, co-ordinated marketing, and profitability.

It is not feasible for a firm to be able to satisfy every customer and operate in every market. Companies do better when each market is targeted according to its own individual characteristics. This is the market-focus phase of the marketing program.

Customer orientation is the process by which the customer's needs are defined according to the buyer's perspective, its aim being to accommodate the consumer. This is important because customers come in two forms: new
customers and repeat customers. Since it is more costly to attract new customers rather than to retain current customers, the marketer must ensure the full and complete satisfaction of the buyer. A satisfied customer buys again, speaks highly of the company, pays less attention to the competition in product and advertising, and buys other products from the same company.7

Coordinated marketing is the process of fusing together all employees who have the same objective of successfully marketing a product in an efficient and coordinated manner. This includes the sales force, advertising, product management, and marketing research teams. Not only must these functions be synchronized, but all the company's departments must also work together for their mutual benefit. Thus, internal marketing, the process of successfully hiring, training, and motivating skillful workers to serve the customers well, is an important role of the company.8

Finally, it is important to note that the primary goal of any firm is to make profits, yet now it is only a way of proving that the job is done well.

5) The societal marketing concept, a revised form of the marketing concept, states that a company's main mission is to ensure customer satisfaction and long-lasting consumer and societal well-being as the key to the organization's growth and continuity. This new concept is the one used primarily in today's marketing situations and has proved to be an important and useful way of thinking.9
The Overall Objectives of STC:

STC must attain certain set of objectives in order to ensure its growth and profitability given the competitive and challenging environment of today. The company's philosophy towards achieving these goals lies in its belief that in order to advance and develop, the following criteria must be met. These objectives are sub-divided into three primary categories consisting of: Marketing objectives, financial objectives, and business development objectives.

1) Marketing Objectives:

Achieving a good reputation and working relationship with the company is important and is an objective that must be fulfilled. This can be accomplished in several ways. First, prompt and efficient service is encouraged. A company that delivers goods on time, fulfills promises to its clients, and is courteous, is ensuring for itself an excellent business reputation, as well as loyal and satisfied customers. Also, by participating in local sponsorships, charity events, and social issues such as the protection of the environment, the firm is establishing itself as a caring and socially conscious organization.

The second marketing objective lies in marketing and distributing the company's new products like KDD juice and Passport Scotch Whisky. This can be done through continuous, well-studied advertising strategies in order to promote awareness of these new products as well as to gain an edge over competing product lines. It will also be beneficial to increase the geographical coverage in distribution with the penetration into more points of sales, thus expanding further into the market.
STC has also to consolidate its actual and existing products such as Lindt Chocolate and Bahlsen Biscuits. This can be accomplished by attempting to lead the market or at least progress beyond its present rankings vis-à-vis competitors.

The firm's final marketing objective entails capturing a larger market share and increasing its annual sales, thus reaching its annual forecast. This can be done through the introduction of new and diversified lines to existing markets (market penetration strategy) and to new markets (market development strategy.) Moreover, sales can be improved through the use of an effective sales force as well as a selective choice of intermediaries (wholesalers and retailers) and a dynamic and active administrative staff.

II) Financial Objectives:

The first financial objective of the firm is to increase bottom-line profit margin. This can be realized through aggressive sales tactics, enlargement of areas over which points of sales are located, and the reducing of expenditures. STC's goal is to augment its profit by 1 to 2 % as compared to the previous year.10

It is important for the company to utilize a just-in-time policy, especially that STC is a member of a larger holding company. The just-in-time policy states that the managing director must ensure that he does not overstock his warehouse, or allow the stock to run out. This is crucial for a holding company because when it has aging inventory due to overstocking, it must pay additional rental and interest costs. Being understocked is also negative in that it is unable to meet required distribution quantities, and thus harms the firm's policy as a whole. The firm has also to eliminate all its
nonprofitable products, thus cutting its losses before any real damage is done.

**III) Business Development Objectives:**

STC believes strongly in maintaining a healthy and viable internal system. The organization develops its employees through education, training, and work experience. The staff is also encouraged to express themselves and be creative. This leads them to a feeling of importance, fulfillment, and loyalty within the company. Having satisfied employees is vital to its internal structure because it generates a more motivated and efficient workforce that is able to achieve higher results and output.

**OPPORTUNITIES AND THREATS ANALYSIS:**

Strategic Trading Co. maintains an on-going system of identifying and evaluating relevant environmental changes for the purpose of capitalizing on possible opportunities and avoiding potential threats. Environmental analysis is highly relevant for designing marketing strategies and decisions. The firm monitors the governmental, social, economic and technological changes and occurrences that create opportunities and threats for the company. At the same time, the organization observes the behavior of its customers, suppliers, wholesalers, and retailers in order to adapt to any changes in its microenvironment.

**STC’s Opportunities:**

As previously stated, the firm observes the environment in order to capitalize on specific opportunities that might become available. An opportunity can be defined as "an attractive arena for company marketing
action in which the particular company would enjoy a competitive advantage." As per the definition, it is important for the company to take immediate action in order to stay ahead of its rivals.

1- STC has leading products such as Lindt Chocolate and Bahlsen Biscuits that are already established. STC introduces its growing, secondary products such as KDD Juice and Passport Scotch Whisky on the account of these older, well-integrated products, generating higher sales than if they were on their own.

2- The company still has a strong growth advantage, due to its marketing-oriented planning, rather than sales-oriented planning.

3- STC and Fattal's promotional efforts have achieved a successful response from the consumers and have established a positive sales reputation as well as good will among its customers and suppliers.

4- Many of STC's customers are loyal to the company's products due to continued quality, service, credit facilities, discounts, favors, and priorities on limited stocks.

5- The average Lebanese consumer is willing to take risks and is attracted to new and advanced products that go on to the market. This willingness to experiment leads to satisfied customers if the company lives up to its promises and continues advancing for the sake of the consumer.
6- Tourism is on the rise in Lebanon. With increasing peace and stability, the country is becoming more attractive to tourists as well as to businessmen. This trend will lead to a larger, more diversified market for the products that are available.

7- With increased commercial and business prospects, Lebanon is attracting large numbers of business people and investors who come from countries or geographical areas that are already familiar with many of STC’s products. An example is Musar Wine which is distributed in 40 foreign countries. In this way, the company is able to capitalize on its well-known products and reputation.

8- The entry into Lebanon of large numbers of immigrants will also affect sales in that the market is again expanded to provide for a larger sales volume.

9- The Lebanese market is slowly expanding and regaining its strength. It is important for the firm to take advantage of this growing post-war market and provide for the growing demand.

10- With Lebanon’s returning stability and increasing consumer expenditures, retailers have capitalized on the opportunity to create more exposure for their goods through the opening of new outlets and distribution centers, resulting in higher potential sales for suppliers, retailers, wholesalers, and distributors.
11- Due to the impending peace and opening of frontiers (previously banned products will be accepted freely into foreign countries, for example Chivas Regal), new prospects are available in conducting international business and export to the regional markets, thus capitalizing on all potential markets in the area.

12- With Fattal's extensive Research and Development Departments, STC has the capability and duty to maintain as well as bypass all technological advancements occurring with products available in the marketplace. By continuously upgrading and creating new and advanced products, STC will retain a competitive edge in the market, thus ensuring its continued growth.

**STC's Threats:**

Just as all opportunities must be revealed and capitalized upon, threats, also, must be detected in order for the firm to take preventative measures. An environmental threat can be defined as "a challenge posed by an unfavorable trend or development in the environment that would lead, in the absence of purposeful marketing action, to the erosion of the company's position." 12

If the threats posed to the company are not recognized or eliminated in time, the firm will be in trouble. It is therefore a necessity for the company to maintain a continuous check on the economic and business environment.
1- STC invests fully in certain products that they believe in, which can eventually fail in the market. An example of this is Tetley Solcafè (a product which has a leading competitor, Nescafè, that carries 80% of the market share). Despite its similar taste and packaging, lower price to avoid aging stocks, and big activities budget, seemingly potentially successful products such as this can still fail, at a loss to the company.

2- The diversified Lebanese market is very competitive. There are several competing brands for each of STC's products that are a danger in both quality and price. Competing product standards are high and at times the prices are set lower. This poses a grave threat to STC, who cannot lower its prices significantly without losing a large share of net profits. High quality and improved products sold by rival firms also cause worry, as well as competing advertising campaigns that prove attractive to the Lebanese consumer. The huge investments made for brands such as Passport Scotch Whisky are under constant threat in on trade locations due to heavy competition from "the crowded environment and presence of well-established competitive brands on the above-the-line (media) and below-the-line (on-trade locations) levels."\(^{13}\)

3- The existence of a large number of substitute products with lower prices and equal quality marketed by rival firms is another threat posed to the company.

4- Companies will have more work in meeting government standards on food content, expiry dates, packaging, price, etc. with the increasing governmental control in the commercial business sector.
5- Some firm's will suffer with the government's possible decision to cancel the exclusive import of certain products or brands.

6- Several European factories close during the month of August for the holidays, thus dramatically reducing the volume of supplies and sales in this period, and resulting in a loss of profits.

7- Inflation and the deterioration of the Lebanese pound vis-à-vis the U.S. dollar is also a possibility that must always be anticipated and accounted for.

8- There is a high probability that the U.S. Customs Dollar will be eliminated, leading to a 100% or more increase on import duties. This potential increase in expenditure will pose a threat to all commercial firms.

**STRENGTHS AND WEAKNESSES ANALYSIS:**

In order to run an active, competitive, and marketing-oriented company, a firm must continually analyze and evaluate its internal strengths and weaknesses. This is done for the purpose of appraising its available resources to determine what it is succeeding in and what it needs improvement in. "It is one thing to discern attractive opportunities in the environment, it is another to have the necessary competencies to succeed in these opportunities." Through periodic evaluations, strategies can be formulated to increase the firm's strengths and to decrease or even eliminate the organization's weaknesses.
**STC’s strengths:**

A company must evaluate each of its strengths fully in order to determine whether they are important and relevant aspects to the success of the firm. It is only in this way that the company can obtain the information necessary to increase and further strengthen its positive points in order to gain a competitive advantage over rival firms.

1- STC carries products that have appealing images, attractive labeling and packaging, top quality, and reliable production sources and suppliers.

2- Newly introduced products at STC use the strategy of niche positioning. The company targets a group such as youths who have not yet made their final choice about their favorite brands. These niches are chosen with this special strategy in mind. The firm can then build a strong market share among these specific target groups.

3- STC holds the right to represent the agencies and products that they choose after conducting a research and market study. They are never obligated to take on a product or agency that does not appeal to them and their needs. When introduced to a new product or line, STC conducts a feasibility study in order to determine whether this product will generate profit and continuity.

4- The company holds weekly improvement meetings (WIM) where all events that occurred during the week are discussed. This is done to improve the existing internal situation. This is accomplished through:
- Good marketing plans.
- Excellent product knowledge.
- Familiarity with the market.
- Efficient distribution.
- Team-work

5- STC has instituted a performance-based reward system within the company. This plan of positive reinforcement serves as an encouraging and motivating program that rewards outstanding and deserving achievements. This not only serves as a repayment for excellent work, it also offers incentives to work harder and make a difference in the company.

6- STC's employee workforce is skilful, well-trained, and are hired on a professional basis. They are required to obtain a well-studied knowledge of the product mix, as well as learn the correct strategies for working and dealing with people. All employees are continually ensured work fulfillment and satisfaction as long as they live up to the company's standards. Fattal has the lowest employee turnover rate in the country. This is due to advanced hiring methods, relatively high salaries, fringe benefits such as health insurance, opportunities for promotion, bonuses, rewards for good performance, and chances to make a difference. Fattal's human resources are a crucial part of what the company represents.

7- STC's position as a member of Fattal Holding has given it a strong position in the market. Fattal is known and is highly regarded for its quality and reputation. This affords it strong bargaining power with customers, suppliers, advertisers, etc.
8- The firm's continual research of environmental conditions has given STC the edge in responding to changes that inevitably occur in the market. It uses a quick response strategy when dealing with changing market trends. In this way, it is able to take advantage of new opportunities while avoiding and eliminating possible threats.

9- STC prepares its own marketing plans, which help significantly when it is time to market the product. Distributors do not usually take on this extra duty, yet this initiative taken by STC is responsible for more effective and efficient marketing and sales. This is due to the company's intimate and studied knowledge of the product. This information is incorporated in its plans and therefore helps the firm gain the advantage, rather than allowing the retailers to make their own research and prepare their own, less cognizant studies.

10- STC's detailed and well-studied marketing research has given it the ability to determine consumer needs and wants and how to satisfy them successfully. STC is able to offer a wide range of brands and choices, as well as high-quality and available products.

11- STC has been aided substantially with the computerization of the inventory system and accounting and sales activities.
12- STC successfully handles a relatively large and widely-ranged product mix with no product receiving less attention than is necessary. Many stronger, well-established products are used to help the weaker, less-known products by including them in a combined product package.

13- The firm's internal system of operations is integrated and centralized. Each department is its own working business unit equipped with the most recent operating tools, its own managerial staff, administrative staff, sales team, and marketing group.

14- STC has efficient advertising and promotional programs that give its products the proper exposure that generates long-term sales.

15- Being a part of a larger holding, STC has all of the necessary financial backing it needs in order to operate efficiently as well as a well-composed and efficient distribution network.

**STC's weaknesses:**

On the other hand, weaknesses are internal situations that the firm seeks to decrease or eliminate. Some weaknesses must be continuously monitored and evaluated in order to improve the existing negative situation or even turn them into strengths. Some weaknesses are harmless and are not considered dangerous enough for measures to be taken to improve them, but others, if not recognized and dealt with, could prove harmful in the long-run.
1- Despite their initial aggressiveness in sales, the sales force lacks the follow up capability necessary to ensure that the products or brands are getting enough shelf space, are being sold at the correct prices, and have stock that is being sold. This weakness is due to a relatively small sales team that could find itself unmotivated and unable to cover each area to its fullest potential. This could be due to the lack of financial incentives and recognition.

2- "Certain products distributed by STC are often found in vulnerable spots because of heavy advertising and very high frequency among competitors."15

3- STC's outstation distributors sometimes forecast at lower amounts than they should in order to avoid overstocking. This results in bad planning, lowered sales goals, and less profit.

4- There are no estimates in Lebanon from the Chamber of Commerce or port authorities as to the volume of imports and sales of any one product. STC is therefore obliged to estimate and possibly make errors in the volume of sales on any one product, based on a sample market.

This affects the strategy and planning of any product involved in such a market.

5- Each product's subagent does not only carry one brand or line. Each represents a wide range of goods and are therefore not expert in a single field. Thus, they are unable to provide each product with individual and
specialized attention nor are they knowledgeable in the items they represent. For instance, the wine market, unlike any other market, requires specialized skills and knowledge. The subagent lacks sufficient knowledge of the product and training to distribute these specialized goods effectively.
ENDNOTES


7- Interview with Mr Gaby Pharaon, Sales Supervisor, STC.


10- Interview with Mr.Nabil Bou Malham, Managing Director, STC.


13- Interview with Mr.Nabil Bou Malham, Managing Director, Strategie Trading Co.


15- Interview with Mr.Nabil Bou Malham, Managing Director, STC.
CHAPTER THREE

MARKETING MIX STRATEGIES

I- THE PRODUCT:

A product is a tangible good that is introduced into a market for acquisition, use, or consumption in order to satisfy a want or a need. In a broader sense, each product brand is in itself, a separate individual product. Consumers perceive different brand names as different products. "Consumers are buying more than a set of physical attributes. Fundamentally, they are buying want-satisfaction. Thus a wise firm sells product benefits rather than just products." This definition broadly states that customers buy a product because of the benefits and satisfaction they derive from its use. The higher the benefit, the higher the demand.

All products pass through four stages during their lifetimes. The product life-cycle, as it is called, is divided into the introductory, growth, maturity, and decline stages. These stages exist because as competitive products force sales volume and market share down, the products reach the end of their lives and must be replaced, modified, or reintroduced. One key to the successful management of a product's life-cycle is to anticipate the lengths of each of its stages and take the appropriate action, such as product modification, new promotions, or repricing at different stages. In this way, a firm ensures that the life is extended and managed as well as possible, taking all situations into consideration.
II- THE PRODUCT MIX:

"The product mix is the full list of all products offered for sale by a company. The structure [consists of] breadth, depth, [and length]. Its breadth is measured by the number of product lines carried, its depth, by the assortment of sizes, colors, and models offered within each product line." The product mix is an assortment of product lines that a seller offers for sale to buyers.

STC's product mix consists primarily of five main product lines. These are:
A- The Wine Line
B- The Chocolate Line
C- The Biscuit Line
D- The Whisky Line
E- The Juice Line

A- THE WINE LINE: MUSAR WINE.

1- Product Knowledge:

Chateau Musar, a wine of world-wide recognition, joined STC's product mix in 1991, thus adding a prestigious brand to STC's portfolio. This line consists of:
- Tradition Rouge 1990
- Tradition Rouge 1987
- Tradition Rouge 1987 1/2
- Cuvée Musar Blanc 1988
- Château Musar Blanc C.R.
- Château Musar Rosé C.R.
- Château Musar Rouge 1986
- Château Musar Rouge 1985
- Château Musar Rouge 1983
- Château Musar Rouge 1982
- Château Musar Rouge 1981
- Château Musar Rouge 1980
- Château Musar Rouge 1979
- Château Musar Rouge 1978
- Château Musar Rouge 1977
- Château Musar Rouge 1975
- Château Musar Blanc 1989

The Château Musar line has several characteristics, although it is sold all throughout the year. The red wine is consumed primarily during the winter months because of its warming qualities. The sales of white and rosé wines rise in the warmer months because of their refreshing and cooling qualities.

Before the war, in 1975, the Musar Wine Line was in the leading market position and therefore in the maturity stage of its product life cycle. With the beginning of the war, the Hochar family focused primarily on exporting their wine, reaching 44 countries world-wide, receiving international recognition, and winning many important prizes. Their concerns shifted to foreign markets because successful wine sales depended on cosmopolitan life, such as in hotels, restaurants, night-clubs, tourist life, etc. Thus, Musar Wine, as a result of the war, shifted down from its maturity stage to its decline stage. This was mainly due to its absence from the local scene and the introduction of strong local competition such as Kefraya Wine, which appeared around 1978. Presently, Musar Wine is paving its way back
into the market after a long absence, and it is therefore still in its introductory stage, for the second time with only 3% of the wine market.5 Musar Wine has several advantages and disadvantages that must be considered when marketing the product.

<table>
<thead>
<tr>
<th>Strengths</th>
<th>Weaknesses</th>
</tr>
</thead>
<tbody>
<tr>
<td>High quality</td>
<td>Low awareness</td>
</tr>
<tr>
<td>Strong backing by well established products as support</td>
<td>Heavy competition</td>
</tr>
<tr>
<td>Good taste</td>
<td>Low notoriety on the local scene</td>
</tr>
<tr>
<td>International recognition</td>
<td>Low demand</td>
</tr>
<tr>
<td></td>
<td>Advertising support: not consistent</td>
</tr>
<tr>
<td></td>
<td>High prices</td>
</tr>
<tr>
<td></td>
<td>Low budget as compared to competition</td>
</tr>
</tbody>
</table>

2- Musar Wine Strategy:

STC's "ability to position a product appropriately in the market is a major determinant of company profit. A product's position is the image that the product projects in relation to competitive products."6 In order to determine Musar Wine's position in the market relative to competitive brands, STC studied the market and created the appropriate product positioning and promotional strategies.

The Market-Place:
- Competition:

Due to the increase in competition and higher advertising and promotional budgets for all products, STC found that ultimately more and more strategies should be used in order to retain and increase market-share. After an analysis of current market activities, it was necessary for STC to place more efforts on obtaining sufficient shelf-space in supermarkets, rallying supermarket girls to promote the products through incentives, and increasing sampling and advertising displays. This is leading to higher expenditures, especially since on-trade and off-trade outlets are taking advantage of every opportunity to make money through renting shelf-space at higher prices, asking for longer payment terms, and demanding extra bonuses and benefits.

Some important figures concerning the competitive environment of Musar Wine follows:

Total Market Volume (Wine) for 1993 = 120,000

<table>
<thead>
<tr>
<th>Market Shares</th>
<th>Kefraya</th>
<th>35%</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Ksara</td>
<td>60%</td>
</tr>
<tr>
<td></td>
<td>Musar</td>
<td>3%</td>
</tr>
<tr>
<td></td>
<td>Other</td>
<td>2%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Market Penetration</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wine</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>Kefraya</td>
</tr>
<tr>
<td>A</td>
</tr>
<tr>
<td>B</td>
</tr>
<tr>
<td>C</td>
</tr>
<tr>
<td>Ksara</td>
</tr>
<tr>
<td>A</td>
</tr>
<tr>
<td>B</td>
</tr>
<tr>
<td>C</td>
</tr>
<tr>
<td>Musar</td>
</tr>
<tr>
<td>A</td>
</tr>
<tr>
<td>B</td>
</tr>
<tr>
<td>C</td>
</tr>
</tbody>
</table>

* Off-Trade

<table>
<thead>
<tr>
<th>Wine</th>
<th>Kefraya</th>
<th>Ksara</th>
<th>Musar</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>A</td>
<td>B</td>
<td>C</td>
</tr>
<tr>
<td>98%</td>
<td>90%</td>
<td>98%</td>
<td>95%</td>
</tr>
<tr>
<td>80%</td>
<td>80%</td>
<td>80%</td>
<td>20%</td>
</tr>
</tbody>
</table>

* On-Trade

<table>
<thead>
<tr>
<th>Wine</th>
<th>Kefraya</th>
<th>Ksara</th>
<th>Musar</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>A</td>
<td>B</td>
<td>C</td>
</tr>
<tr>
<td>95%</td>
<td>90%</td>
<td>95%</td>
<td>90%</td>
</tr>
<tr>
<td>75%</td>
<td>85%</td>
<td>15%</td>
<td>50%</td>
</tr>
</tbody>
</table>
* Off-Trade = Supermarkets, groceries, pastries, delicatessens
* On-Trade = Restaurants, night-clubs
  A= Top-ranking category
  B= Middle-ranking category
  C= Low-ranking category

Strategic Objectives:

After studying the current market and product situation of local wine, STC has formulated a marketing strategy in order to reach its promotional and advertising objectives.

Promotional Objectives:
- Enhance distribution to cover 100% of on-trade and off-trade outlets.
- Focus on displays and merchandising (reach impactful displays through points-of-sale materials such as stands, shelf-talkers, etc.)

Advertising Objectives:
- Re-establish the brand name after its long absence from the market.
- Increase and enhance awareness of the product.

I- Marketing Strategy:

a) Distribution Strategy:

In order for the company to achieve its objective of increasing Musar distribution, STC's goal is to cover all off-trade outlets, A, B, and C, on-trade points-of-sale, liquor stores, and delicatessens. An addition, STC
follows an innovative strategy of distributing Musar to smaller outlets using cash vans.

b) Display Strategy:

STC must ensure that all display facings are standardized in order to achieve the maximum customer attraction possible. Another way of attracting potential buyers is by providing Musar Wine stands in top-ranking supermarkets, ensuring that the display area has sufficient quantities on shelves and in inventory, and is kept highly visible and tidy. Moreover, inventory must be monitored by the STC sales and merchandising team to make sure all the goods remain in good condition.

c) Advertising Strategy:

STC has chosen a diversified advertising strategy by increasing its advertising and promotion budgets, thus enhancing brand name recognition and increasing market share. This is accomplished by using the media, radio advertisements, billboards, and television campaigns.

d) Promotion Strategy:

A promotional program has been created to increase awareness of Musar Wine in the on-trade-off-trade segments of the market. This is accomplished through:

- The use of special incentives for the on-trade staff to promote the wine.

- The consolidation of relationships with staff by inviting them to visit Musar cellars.
- The creation of trade deals to encourage larger volume purchases by the outlets, lower the Musar price mark-up vis-à-vis the competition, and help the wine in its introductory stage.

- The attendance of wine conferences about Musar to contribute to the consumer and on-trade staff awareness of the product.

B- THE CHOCOLATE LINE: LINDT

1- Product Knowledge:

The Lindt Chocolate Line is a special world-renowned gourmet chocolate that is distributed in the top-quality bracket of the market. Lindt is known for its extensive product range of high quality chocolate consisting of hundreds of varied ingredients. The chocolate can also be used while cooking, in creating many kinds of gourmet desserts. This line consists mainly of the following: 8

- Swiss Milk Chocolate
- Swiss White Chocolate
- Swiss Bittersweet Chocolate
- Swiss Plain Chocolate
- Swiss Milk Chocolate with Hazelnuts
- Swiss Plain Chocolate with Hazelnuts
- Swiss Milk Chocolate with Roasted Almonds
- Lindt Mocca
- Lindt Cresta
- Lindt Caramel
- Lindt Pistache
- Lindt Suvretta
- Lindt Alba
- Lindor
- Napolitains Assortis

The Lindt Chocolate line sells all year long, increasing slightly during the holiday seasons due to its gift value. Because of Lindt's strong brand image and long-term establishment in the market-place as a leading product, this chocolate line is in its maturity stage of the product life-cycle. Lindt's objective now is to maintain its leading position, pushing sales to even greater volumes.

2- The Lindt Chocolate Marketing Strategy:

a) Distribution Strategy:

- STC ensures that Lindt products are present in every possible outlet throughout Lebanon. It concentrates its support, efforts, and means in A and B category supermarkets, pastry shops, and coffee shops where this product is in demand and significant sales can be reached.

- The company also focuses on secondary "C" outlets in the major areas for the purpose of achieving its objective of national coverage.

b) Display Strategy:

- STC ensures the maintenance and enlargement of the good, acquired displays.
- The company features primarily the fast-moving items of the line after testing the market with the entire line and dropping the slow-moving and unsuccessful items.
- Old stock is continuously rotated and kept always in the front of the supermarket shelves. This is done to avoid product expiration.
- Points-of-sale materials such as shelf-talkers and small, specially designed Lindt stands should be increased and used to the fullest extent.
- Stands and other attractors should be positioned near the cash registers because Lindt is an impulse-buy product.

c) Advertising Strategy:
- STC uses a varied advertising strategy in order to maintain its strong market position through specific monthly television and media campaigns, and the press such as newspapers and magazines.

d) Promotional Strategy:
The promotional program STC has created for Lindt consists primarily of:
- Shelf and in-door rental of space in supermarkets, when necessary.
- Deals with prestigious restaurants which includes offering Lindt to their customers at the end of the meals.
- Deals with known "A" category pastry shops to provide Lindt bars (blocks of chocolate) for them to use as ingredients in their desserts.
- Direct-selling promotion in supermarkets.
C THE BISCUIT LINE - BAHLEN:

I- Product Knowledge:

Bahlsen is an international brand that has proved to be of high quality. Its sustainable competitive advantage can be summarized as follows:

- Image: Bahlsen carries an image of quality and good taste due to its brand recognition and continual innovation to keep up with changing market tastes.

- Physical: Attractive labeling and packaging.

- Reliable production source.

The Bahlsen Line includes:

Plain and Stuffed Biscuits 18 references
Chips (Cannisters) 3 references
Salted Biscuits 4 references

The Bahlsen Biscuit Line is sold throughout the year at fairly stable sales cycles. Because of Bahlsen's relatively new entry into the market-place, the line is still in its growth stage of the product life-cycle. Having been successfully introduced into the market, brand awareness and sales volume has increased. Now STC must concentrate on Bahlsen's continuous growth and gain higher market share for the product line. This can be accomplished through direct offensive activities against competitors such as back-to-school activities, tasting operations, etc.
2- Bahlsen Biscuits Strategy:

In order to establish the proper positioning in the market for Bahlsen Biscuits, STC analysed the current market situation in order to formulate efficient product positioning and promotional strategies.

**Market Segmentation for Plain, Stuffed, and Salted Biscuits**

a) Imported Biscuits:

1- High-quality biscuits: Enjoy a very high notoriety and carry a prestigious brand image.

I.e.: Bahlsen, Lu, Delacre, Belin, etc.

2- Medium-quality biscuits: Enjoy good notoriety with fair prices.

I.e.: Alsacienne, Burton's, etc.

3- Low-quality biscuits: Imported or locally produced, poor notoriety, have penetrated the market because of the drop in the purchasing power of the consumers.

I.e.: Ulker, ETI (Turkish origin) etc.

b) Local Production (Low Quality):

I.e.: Pioneer, etc.

Marketing objectives of Bahlsen Biscuits:

- To reach the second rank behind Lu in the biscuit market.
- To reach the second rank behind Planter's in the chips market.
- To implement its position as a tough competitor of Lu and Planter's.
Market Segmentation for Potato Chips:

a) High-quality Chips: Mainly Cannister Chips enjoying a very high notoriety and carrying a prestigious brand image. I.e.: Bahlsen, Planter's, Olé etc.

b) Quality Chips: Good quality, good notoriety. I.e.: Supersnack, Wise, Munchking

c) Low-quality Chips: Mainly bags. Imported and locally produced. I.e.: Mr. Chips, Corina, Fasty, Sally, etc.

STC's analysis of the current competitive market situation has yielded two leading competitors in the biscuit and chip segments. These are Lu, which has 40% of the biscuit market, and Planter's, which has 50% of the chips market. These two market leaders will be considered as Bahlsen's main challengers for the next two years.

LU
(Product Mix)

<table>
<thead>
<tr>
<th>Strengths</th>
<th>Weaknesses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Presentation: good</td>
<td>Demand: Suffers from occasional</td>
</tr>
<tr>
<td>Taste: good</td>
<td>out-of-stock</td>
</tr>
<tr>
<td>Notoriety: high</td>
<td>Distribution: Needs to be</td>
</tr>
<tr>
<td>Display: good</td>
<td>strengthened</td>
</tr>
<tr>
<td></td>
<td>Advertising Support: Not consistent.</td>
</tr>
</tbody>
</table>
Planter's  
(Product Mix)

**Strengths**
- Presentation: good
- Taste: good
- Notoriety: high
- Display: good
- Advertising: consistent

**Weaknesses**
- Demand: Suffers from occasional out-of-stock
- Prices: High selling prices

a) Distribution Strategy:

STC applies a wide distribution strategy for its biscuit line, covering cooperatives, wholesalers, supermarkets, groceries, pastry shops, and leisure centers. The company uses this high coverage strategy to maximize the high-selling potential of this product line, and in turn push Bahlsen into its maturity stage. STC is also working on maximizing its distribution network efficiency in order to make its products more available and convenient to the consumer and the outlets.

b) Display Strategy:

STC follows a similar display strategy with Bahlsen Biscuits that it uses with the Lindt Chocolate Line.
c) Advertising and Promotional Strategy:

STC participates in consumer and trade promotion activities in order to generate customer awareness and increase market share. The company also invests in advertising through television and radio commercials, newspapers, magazines, outdoor displays, and consumer promotion activities.

D THE WHISKY LINE-PASSPORT SCOTCH WHISKY:

1- Product Knowledge:

Passport Scotch Whisky has been newly introduced into the Lebanese market-place by STC. Introduced into the market in 1993, Passport is going through its introductory stage, in which STC is building product awareness, brand recognition, and a basis for future consumer loyalty.

In order for Passport Scotch Whisky to succeed in the market and exceed its introductory stage, STC must evaluate the market, the competition, and Passport's own product value. Through this study, the proper objectives and strategies can be created and achieved.

Passport Scotch Whisky is a product that has year-round sales and little or no seasonal fluctuations. Whisky is sold at a fairly stable rate all throughout the year.

After analysis of the Whisky market and Passport's specific product value, several strengths and weaknesses were realized.
Strengths

- Niche positioning: towards youths who did not yet make their final choice about their favorite Whisky.
- Brand name: easy to recall
- Taste: lighter than competition
- Alcoholic degree: lower than competition
- Product Packaging: attractive, original-shaped bottle.
- With Passport Scotch "A style of its own": this message is targeting a different platform than all other competitors.
- Media rationale: selected and targeted programs.

Weaknesses

- Crowded environment and presence of giant-well established competitive brands
- Very high frequency and heavy advertising among competitors.
- Low budget as compared to competition 10

Due to heavy competition within the Whisky market and STC's limited resources, an accurate market study was critical to enable the company to position, market, promote, and distribute Passport in the most efficient way possible. This research study was a detailed evaluation of the market-place.
including a study of the competition within the Whisky market, Lebanese trade outlets and their increasing demands, and the Lebanese consumer.

The Market-Place

I- Competition

The Lebanese market has witnessed many new entries over the last several years and competition is becoming more and more fierce among products. In the marketing arena, the main stream is getting closer to the consumer in the areas of shelf battles, better displays and other points-of-sales support, more and more sampling, use of billboards and branding, and educating of supermarket employees. These changes are leading to higher above-the-line and below the-line expenditures as well as promotional budget allocations.

II- Trade

The Lebanese trade outlets are becoming more and more demanding and are seizing each opportunity to increase their revenue.

Their demands are:
- Rent shelf space at high cost.
- Push distributors to advertise on their indoor billboard
- Increase margins
- Have longer payment terms
- Work with shelf stocks, even at the risk of being out of stock.
- Ask for annual bonuses / discounts
III- Consumer

Generally Speaking, the problem faced by the Lebanese consumers economically today can be identified as a crisis in the allocation of expenses. Post-war Lebanon is marked by a drastic change in its social structure. The attitudes of war survival, instant pleasures and impulsive buying have turned into more rational and better planned behaviors. Recent surveys (September 1993) estimated the necessary minimum income of a five member household at $800 a month, more than five times the present minimum wage of $150.

The breakdown of an average household monthly budget would look as follows:

<table>
<thead>
<tr>
<th>ITEM</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Housing</td>
<td>20%</td>
</tr>
<tr>
<td>Education</td>
<td>17.5%</td>
</tr>
<tr>
<td>Health and Medical Care</td>
<td>10%</td>
</tr>
<tr>
<td>Food and Supplies</td>
<td>25%</td>
</tr>
<tr>
<td>Clothing</td>
<td>12.5%</td>
</tr>
<tr>
<td>Transportation</td>
<td>15%</td>
</tr>
<tr>
<td>Total</td>
<td>100%</td>
</tr>
</tbody>
</table>

IV Assumptions for 1994

- A better political climate at the regional level that will automatically affect the Lebanese situation as a whole.
- With a better economy, there will be an improvement in the purchasing power of the Lebanese consumer.
- At the media scene level, the special rates given in 1993 will no longer be offered. Advertising will face a new era of higher spending according to volume of advertising.12

2- Passport Scotch Whisky Strategy:

Passport Scotch Whisky is being marketed and distributed in the regular whisky market. It is not able to compete in the high-quality segment of the whisky market because it is not aged enough. The regular whisky market is segmented in such a way that 80% is off-trade and 20% is on-trade.

Total Estimated Market Share:

<table>
<thead>
<tr>
<th>Regular Scotch Brand</th>
<th>Market Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dewar's White Label</td>
<td>49%</td>
</tr>
<tr>
<td>Johnny Walker Red Label</td>
<td>12%</td>
</tr>
<tr>
<td>J &amp; B</td>
<td>10%</td>
</tr>
<tr>
<td>Ballantine's</td>
<td>10%</td>
</tr>
<tr>
<td>Grants</td>
<td>8%</td>
</tr>
<tr>
<td>Others</td>
<td>11%</td>
</tr>
<tr>
<td>Total</td>
<td>100%</td>
</tr>
</tbody>
</table>

Source: Mass Institute (93 Consumer Panel Research)13

Because of Passport's newness in the market, there are many opportunities for a whisky of this kind. The youth segment can be targeted for aforesaid reasons through an integrated communication strategy, where these newcomers are educated and aware of the product on a daily basis. Also, all tools and activities related to the brand name must be constantly
used in order to maximize recall and impact. Lastly, the product package in all points-of-sales must be capitalized on. The label and look must be attractive and serve as incentive to buy.

The target group is in the A and B social class, young, modern, independent, active, strong, different, and willing to stand out of a crowd.

The Whisky's competitors are all standard whisky brands with a premium price.

**MARKETING STRATEGY:**
- Enhance distribution to cover 100% of the off-trade segment and 50% of the on-trade.
- Reach around 2.3% of the market-share out of the total regular Scotch sales volume.
- Focus on displays and merchandising through impactful displays and usage of shelf-talkers and points-of-sales materials in all outlets.

**MARKETING ACTIVITIES:**

STC takes part in off-trade consumer promotion and for the on-trade segment, the company sponsors special targeted night spots in order to reach Passport's target group, as well as locally producing points-of-sales materials to distribute to potential customers.

**ADVERTISING STRATEGY:**
- Establish brand name among target groups.
- Build awareness through maintaining a high share of voice.
- Reinforce Passport's association with "A style of its own".
- Create a proactive synergy between the brand and its consumers.
- Use in-store promotions such as lotteries and prize money offers. This is not sufficient to build up brand name but is important in motivating consumers through incentives.

ADVERTISING ACTIVITIES:

STC has chosen an advertising strategy by which commercials appear on national television at peak times and during targeted programs. The company has also taken part in placing advertising billboards throughout Lebanon and especially greater Beirut in impactful locations.

E- THE JUICE LINE: KUWAIT DANISH DAIRY JUICE (K.D.D)

1- Product Knowledge:

K.D.D. Juice is a 100% natural juice, containing no artificial preservatives. It has a wide variety of juice types and flavors and can be attractive to many tastes. K.D.D. Juice is in its growth stage of the product life-cycle. Introduced several years ago, the product was not being distributed as efficiently as hoped, and was therefore switched to STC's distribution network in 1993. Although not a brand new product, K.D.D. still has many steps to take before becoming an established product. With STC, it has increased its consumer brand awareness and recognition, despite the fact that some points of sales (supermarkets and mini-markets) refuse to carry the line because they are sensitive to its Kuwaiti origin. K.D.D. is slowly gaining market share despite competition. This is due in part to its quality-price ratio.

K.D.D. Juice is a seasonal product, where sales volume increases during the warmer months of the year. This is true because of its refreshing
and thirst-quenching qualities. People seek cold refreshment of this kind on warm or hot days, and K.D.D. seeks to satisfy those needs and events.

The K.D.D. Juice Line consists of a range of the following products: 13
1- Plain Milk 1 liter
2- Plain Milk 1/4 liter
3- Flavored Milk 1/4 liter
4- Thick Cream 1/4 liter
5- Whipping Cream 1 liter
6- Whipping Cream 1/4 liter
7- Juices 1 liter (variety of fruit flavors except orange)
8- Juices 1/4 liter
9- Tomato Paste 135g

* N.B. All sales of foreign orange juice has been forbidden by the Ministry in order to protect local orange juice production.

K.D.D. Juice, like all other products, has advantages and disadvantages that must be considered when marketing the product. These are as follows:

<table>
<thead>
<tr>
<th>Strengths</th>
<th>Weaknesses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Healthy : all-natural, no preservatives</td>
<td>- Kuwaiti origin</td>
</tr>
<tr>
<td>Diversified product line</td>
<td>- Heavy competition</td>
</tr>
<tr>
<td>Reliable supplier</td>
<td>- Early expiration dates</td>
</tr>
<tr>
<td></td>
<td>- Seasonal</td>
</tr>
</tbody>
</table>
The Market-Place

I- Competition

The K.D.D. Juice line faces similar problems and issues that the other products within the Lebanese market face in the areas of competition and increasingly demanding trade outlets. As with Passport Whisky, the competitive battle is fierce, with each product trying to grab the largest market share possible and squeezing out the weaker products. In the marketing arena, K.D.D. Juice faces the same obstacles as Passport when dealing with the trade outlets. The on-trade is facing a huge battle, where competition is getting very strong, and the on-trade owners are taking advantage of this situation in terms of:

- More pressure on distributors asking for:
  - Promotional events in their locations
  - More offers and trade deals allocations
  - More gifts

- Display places are more and more subject to bargaining

- The on-trade personnel as well as the owners are aware of the importance of their roles and are trying to get maximum profit out of it.

II- Trade

The trade outlets are becoming more and more demanding, thus leading to higher expenditures by distributing firms such as STC, in order to get their products on the market.
III- Assumptions for 1994

- The peace process in the region will reflect positively on the Lebanese economy.

- The enhancing process of the local industry will take place in order to compete and be up to international standards.

- Expectations for the coming year seem positive, since Lebanon is moving toward political stability on both the local and regional levels. This already reflects on the economy (i.e. the stability of the dollar rate). This allows for an improvement in the purchasing power of consumers, who are slowly returning to their old habits of consuming expensive European and American products.

2- K.D.D. Juice Strategy
Marketing Strategy:

a) Distribution Strategy:
The strategy chosen by STC for its juice line is to cover all off-trade A, B, and C outlets, especially since the juice is in its growth stage and more ground should be covered. Once the product line is widely-distributed and present in almost all possible outlets and made available to a larger consumer market, the juice will be more ready to enter into its maturity stage.

b) Display Strategy:
The company agrees on standardized displays that the sales team implements uniformly in all its outlets. These displays should be attractive enough to catch the attention of consumers who may not have had the
intention of buying such a product. These displays must also differentiate themselves from competitor's displays, so that brand recognition will not be confused. This is accomplished through the use of original methods to attract the right attention, such as the placement of the goods on the shelf in the shape of a pyramid, or bright lights and colors grabbing the attention of passers-by. The display area is monitored constantly by the firm's merchandising team in order to keep it clean, tidy, and in place.

c) Promotion Strategy:
STC must make sure that all stocks are sold before their expiration date, thus a promotional campaign has been created by which an off-trade outlet (i.e. supermarkets) having stocks that are close to expiring can get rid of its final stocks by selling one free with each one bought, and then being reimbursed by STC. In this way, the stocks are completely sold and STC does not have to rebuy the goods that were not sold. This strategy encourages off-trade outlet owners to not hesitate to invest in big quantities, since they will have no fear if they are unable to sell all the goods. Moreover, this strategy involves STC buying the remaining unsold goods if the campaign did not get rid of all the stocks.

Another strategy used by STC to promote K.D.D.D. is by offering wholesalers and large outlets an incentive through the form of a gift or discount if they buy large quantities at certain periods of time. This promotion aids the company in reaching its forecasted sales when necessary.
d) Advertising Strategy:
STC uses several known means in order to increase awareness and enhance brand image. These are television campaigns, press, magazines, and radio commercials. All of these activities are planned and carried out by the concerned advertising agency.

**PRICING AND DISTRIBUTION STRATEGIES:**

**A- Pricing Strategies:**

"Through most of history, price has operated as the major determinant of buyer choice... However, nonprice factors have become relatively more important in buyer-choice behavior in recent decades. Yet price still remains one of the most important elements determining company market share and profitability."15

Because price produces revenue, as opposed to all other marketing-mix elements, which produce costs, setting the right prices is critical to the success of a product. Thus, determining prices is an essential and crucial task when preparing a marketing strategy for a product or product line.

When pricing products or product lines, several common mistakes are often made by companies. They are the following: price is considered separate from the marketing-mix rather than being an important element of the entire product-positioning strategy, pricing is oriented too heavily toward costs, price is not adapted often enough to keep up with changes that occur in the market, and lastly, prices from different product and market segments are not varied enough.

Typically, large companies such as STC have division and product-line managers that handle product pricing. They either set the general pricing
objectives and policies or they review proposed pricings made by lower levels of management.

Setting prices is the most difficult when a company has to do it for a new product or product-line or it must introduce an old product into a new geographical area or distribution channel. This is true because the firm has no previous price to work with and no knowledge of how the new product will be perceived, according to its quality and price. Also, it is difficult to set a price for an old product that has been introduced into a new geographical area or distribution channel. In this case, the product is familiar, but the new market's reaction to the product and its price is not known.

I- Pricing Objectives and Policies:

Before determining price, a company must first decide what it wants to achieve with the specific product. Once the target market has been chosen, and the product's positioning has been determined, relative to quality and competition, then the pricing should not be too complicated. Certain markets and positions naturally imply specific price ranges. Through absolute and correct pricing, certain objectives can be attained:

a- Survival: At times, prices are set low in order to keep inventories moving, sales high, and competitors out. This strategy is used simply to survive, covering variable and fixed costs, while profit is secondary. This is only a short-run objective.

b- Maximum Current Profit: Most firms use this strategy in order to maximize profit by estimating demand and costs related to other prices and choosing the price that earns the highest profit or return. The problem is that
costs and demand are difficult to estimate. It also forgets about competitors and price restraints.

c- Maximum Current Revenue: The company must only estimate demand in order to set a price that will maximize revenue. It is believed that this strategy leads to long-run profits and growth of market-share.

d- Maximum Sales Growth: This strategy maximizes unit sales; a low price is set, leading to higher sales volume and lower unit costs.

e- Maximum Market-Skimming: Some companies set very high prices in order to "skim" the market. The price set makes the small market who buys just worth it. Whenever sales slow down, the price is lowered to draw in the next layer of price-sensitive customers. This strategy works only if there is a large enough number of buyers and quality is associated with the high price.

f- Product-Quality Leadership: Using this strategy, a company aims to associate its price with the high quality of its product.

With these important strategic pricing objectives, companies such as STC, who have a large and wide range of products and product lines at all stages in their product life-cycles, must choose the proper strategy in order to meet their objectives.
STC maintains several of these pricing objectives and therefore sets its prices according to what is best for its needs and goals. On the other hand, it does not always succeed in achieving the goals it sets. At times, the prices are too high or too low due to the company's own misjudgement or the interference of the supplier wanting to raise his profits. STC's primary goals are to satisfy consumers of different income levels and to penetrate the Lebanese market as thoroughly as possible. Therefore, STC's pricing policies include the following:

- **a)** To increase net profit by around 5% in 1994 from 1993. This can be achieved by setting competitive prices that will bring in a larger number of customers. Once the customer becomes used to the product, and even loyal, then prices can be raised without the fear of losing too many sales. This is true for products that are established in the market as well as new products that can establish brand loyalty through strategic pricing and good quality.

- **b)** To reach a sales increase of around 20% by setting competitive prices, increasing promotions and advertising, and discouraging customers from switching to competing brands.

- **c)** To increase market share of products and product lines vis-à-vis competing brands. STC expects to accomplish this by pricing some of its products slightly below some of the market leaders, when the quality is the same. This lower price, supported by heavy advertising and promotion, will attract customers to the product.
d) To recover the organization's costs, by setting average prices for some products to ensure a moving inventory and higher sales revenue.

e) To maintain the prestige of its highest quality, most known products, such as Lindt Chocolate and Bahlsen Biscuits. In these cases, prices must be set higher than the competition in order to maintain the image of quality.

II Evaluation of Demand and Competitors:

Many factors such as needs, tastes, income, and competitor's prices influence the demand on a product or product line, yet one thing is constant: there is a relation between price and demand of all products. In normal situations, the higher the price, the lower the demand for the product. Inversely, prestige, quality, or exclusive goods have, at times, a higher demand when the price is high rather than when it is low and vice-versa. However, the higher price must be reasonable or the demand will again decrease. It has also been determined that when products are unique or different, people are more willing to buy the product, despite the higher price.

Once the demand for a product or products has been determined, it is important to research the competition, learn their positions and strategies. Comparisons must be made between products, prices, distribution, and promotion. Once all of this information has been discovered, companies such as STC have more power to compete with and defeat their competitors, knowing their weak and strong points and creating counter strategies.
1- Identifying the Firm's Competitors

As simple as it may seem to identify the firm's competitors, it is actually more complicated than simply competing against other firms with similar products. There are many levels of competition. Competitors can be companies selling similar products or services in the same market and at competitive prices. Another type of competitor can be as broad as all companies creating the same product or type of products. Also, a competitor could be viewed even more broadly as all companies that manufacture products that fulfill the same needs. The primary threat to all firms is a company or companies that offers products that are direct substitutes for their products, including quality and price.

STC exists in a competitive market and it is therefore beneficial to identify all competitive threats in all product lines. Each of STC's products or lines have direct competitors that must be monitored at all times.

STC is aware that all of its products and lines have competitors. For example, Passport Scotch Whisky competes with Amedco's Ballantine's Whisky, B.Food's Cutty Sark, Sarraf Group's J&B Whisky, and Vincenti's Vat 69 Whisky. Chateau Musar has strong competition with Ksara, Amedco's Beaujolais Wine, Geadah Bros. Vin Melini Chianti, Georges Abou Adal Vin Cordier, Pharmapel's Vin Hungary and Domaines de Tourelles Wine, and the various imported foreign wines. Bahlsen Biscuits, an already established brand, competes heavily with Dima's Lu Biscuits, Massoud's Planter's Chips, B.Food's Biscuit Georges and Alsacienne Biscuits, Spinney's Biscuits, and Valenti's Balocro Biscuits and Flodor Chips. Lindt Chocolate competes with B.Food's Callebaut Chocolate and Jacques Suchard, and Wafic Idriss' Toblerone. K.D.D. Juice / Milk competes with Nestle's Juice Extract and Nido Milk, Sarraf Group's Red Cow Milk and Juice Extract,
Spinney's Happy Cow, Société Tabbara pour le Commerce's Tatra, and Tawaji Trading's Klim Milk.

STC not only has competition with these strong rivals, it also competes with products distributed by the same holding company, Fattal. These are Johnny Walker and Dewar's for Passport Scotch Whisky. K.D.D. Juice competes with Tang, also a product distributed by Fattal. Lindt competes with Cadbury and Cote D'or, and Musar competes with Kefraya Wine.

2- Identifying Competitors' Strategies:

"A company's closest competitors are those pursuing the same target markets with the same strategy." When a group of firms within a market use the same strategy for their products, they are considered a strategic group. Competition is at its strongest within strategic groups, yet rivalry also occurs between these groups, when the consumer markets overlap or the different strategies have similar effects on the customers. In order for STC to compete on a strategic basis, it must "know each competitor's product quality, features, and mix,... pricing policy, distribution coverage, sales force strategy, advertising and sales-promotion programs,... and other strategies."18

Passport Scotch Whisky faces strong competition from brands such as Cutty Sark, J&B and Ballantine's Whisky. They all must follow a similar strategy, and are therefore in the same strategic group. They concentrate on heavy advertising and promotion. J&B Ballantine's advertise heavily during the holiday seasons, placing signs and billboards on all the major roadways. J&B also concentrates on television and radio commercials. Promotions such as "Whisky nights" at certain outlets are also popular. Like Passport, J&B advertises heavily with billboards on all major roads. Passport has some
problems because its competitors are huge, well-established brands. These other brands concentrate heavily on high frequency advertising. Because they are larger and more established than Passport, they have the advantage of higher budgets.

Wine is highly competitive in the Lebanese market-place. Musar, being a newly-introduced wine, has to compete against such giants as Ksara and Kefraya. Kefraya, a wine also distributed by Fattal, has a similar marketing, advertising, and promotional strategy to Musar. The only difference is its already established customer loyalty and brand name. Ksara's market strategy is to concentrate on A, B, and C on-trade (restaurants, night-clubs) and off-trade (supermarkets, groceries, etc.) outlets. The Ksara strategy is to maintain its quality image associated with very competitive prices and to further encourage brand loyalty. On the promotion front, it concentrates heavily on points-of-sales materials such as paper place-mats and napkins, as well as heavy advertising, Ksara also uses cash vans in order to reach very small outlets.

Bahlsen Biscuits' primary competitors are LU Biscuits and Planter's Chips. LU and Planter's both attempt to capitalize on their high quality and imported image, as does Bahlsen's. They enjoy a high notoriety and already established brand names and loyalty. Lu's strategy concentrates on attractive packaging and presentation. They ensure that the high quality standard remains constant. LU ensures good displays for the promotion of the product with originality and attractiveness.

LU invests heavily on shelf-space in supermarkets. Planter's Chips also stresses on maintaining its high quality and good taste. Its American brand image is capitalized on in advertising, which is very attractive to the Lebanese consumer. Planter's promotional displays are well-organized and
neat, and its advertising is consistent. Planter's chooses a high price strategy because of the fact that the high end of the market, Planter's target market, is willing to pay for the quality and the image. The sales lost by the lower end of the market is made up with a large enough market that is willing and able to pay the price.

K.D.D. Juice competes against more established brands such as Nestlé and Klim who have huge advertising budgets and strong brand names. These stronger brands are promoting their products heavily in the on-trade outlets by using neat and original displays and a high price/high quality strategy. These known brands give discounts, provide sales promotions, give gifts, etc. Nestlé and Klim, like K.D.D., use large distribution networks and are able to stock their products in the majority of the off-trade outlets. Standardized displays are used in order to increase brand awareness. Nestlé and Klim are heavy advertisers, targeting programs on both radio and television.

Lindt Chocolate, a high quality, established brand, competes with similarly placed brands such as Suchard and Toblerone. High price / high quality strategies are used, along with heavy advertising, promotions, and original displays. Lindt's competitors pursue heavy penetration of the market, and concentrate their main efforts, like Lindt, in A and B Category supermarkets, pastry shops, etc. Fast-moving, high-selling items are encouraged in these areas, and old stock is continuously rotated. Because chocolate is an impulsive-buy product, these brands of chocolate create attractive displays in available areas, so as to encourage sales. Advertising is done heavily through the media, television, and the press.
3- Determining the Competitors' Objectives :

After identifying the main competitors and their strategies, the next question to be answered is what do those competitors want from the market? It is obvious that at first look, they seek to maximize their profits, yet this can be viewed from several different perspectives. Some companies seek short-term profits, while others long-term. Some firms find it sufficient to satisfy (to satisfy their needs) rather than to exceed their goals (maximize). It is safe to assume that each competitor has a mix of objectives, weighting each one differently from other firms. Competitors' objectives such as sales growth, profitability, technological and service leadership, etc. are important to know in order to be able to react to competitive strategies and to know what goals to set and how to fight other firms.

Broadly speaking, STC has many competitors in the forms of different brands or different firms altogether. STC's major competitors are the large, established brands such as J&B for whisky, Ksara and Kefraya for wine, Lu and Planter's for biscuits and chips, Nestlé and Klim for juice, and Suchard and Toblerone for chocolate. These market leaders have similar objectives that vary only in minor points. Their marketing objectives concentrate primarily on good customer relationships, honesty and efficiency. Efficient advertising and product distribution are also significant. Very importantly, these products seek a larger market share and increased annual sales.

4- Determining Competitors' Strengths and Weaknesses: 19

It is important to discover whether competitors are capable of using their resources and background in order to fulfill their goals by using their prepared strategies. STC can learn this information by analyzing its main competitor's strengths and weaknesses. This research can be obtained
through data on competitors' sales, profit margins, market share, etc. After learning this information, STC can better estimate competitors' actions and strategies. Often, companies such as STC learn about the strengths and weaknesses of their competitors through personal experience, word-of-mouth, and secondary data sources. Market research can also be done in order to obtain more data on the competition.

After analyzing the competitive market, strengths and weaknesses have been discovered for the brands competing with STC's. These are the following:

**Passport's Competitors:**

<table>
<thead>
<tr>
<th>Strengths</th>
<th>Weaknesses</th>
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<tbody>
<tr>
<td>- Continuous availability of stocks (competitors do not pay warehousing fees for stocking as does Fattal Holding)</td>
<td>- Display (Fattal has more display follow-up through organized merchandising and good relations with outlets due to its large portfolio)</td>
</tr>
<tr>
<td></td>
<td>- Distribution is not very efficient.</td>
</tr>
<tr>
<td></td>
<td>- Advertising back-up is weak. (Fattal has special media incentives enabling it to advertise more at lower budgets.)</td>
</tr>
</tbody>
</table>
K.D.D.'s Competitors:

Strengths:
- Good distribution
- Promotion in off-trade outlets:
Competitors invest heavily in tasting and lotteries.

Weaknesses:
- Display
- Price (K.D.D.'s quality/price ratio is very low compared to the competition)
- Non-continuous availability of stock.

Bahlsen's Competitors:

Strengths:
- Good distribution
- Good displays
- Highly competitive quality
- Attractive packaging
- Provide good offers to customers
- Fair prices

Weaknesses:
- Lack of points-of-sales materials such as shelf-talkers and stands.

Lindt's Competitors:

Strengths:
- Focus on in-store merchandising
- Fair prices
- Wide "couverture" distribution (blocks of chocolate are sold in large quantities to pastries, etc.)
- High quality

Weaknesses:
- Weak packaging
- Non-continuous availability of stock
- No profound study of the market before launching the product
Musar's Competitors:

**Strengths:**
- Long established in the market
- Good brand-name recognition
- Big advertising and promotional budgets
- High market share
- Competitive prices
- Attractive and useful points-of-sales materials

**Weaknesses:**
- No variety in product range (especially for the older vintages)
- No big stocks

III- The Pricing Method

When a company sets prices for its products, it uses different strategies and methods, depending on the product, the target market, the costs, and competitors' prices.

Products such as Passport Scotch Whisky are priced at competitive rates in order to be positioned in the same category and win over the same customers. Musar Wine has always maintained a higher price than its competition in order to reflect its prestigious brand image, international notoriety, and high quality. This strategy can only be used when the product has special features like those mentioned and the price mark-up is worthwhile to the customer. Luxurious products such as Lindt Chocolate support the high mark-up in price because of their well-known, international brand image and high quality. Products that have many substitutes and have no special features are not viable if they are priced high. These kinds of
products must be priced low and at competitive rates in order to gain and maintain customers and market share. If competitors cut their prices, STC attempts to match them, so as to not lose market share. This could be done by maintaining the same price while giving offers to wholesalers and retailers to attract them. Offers are also made when a product's demand decreases and during off-seasons.

Generally speaking, price is the result of the sum of many factors such as: unit price + transportation + insurance + delivery + interest + storage + commercial means such as wages, etc. + mark-up (profit).

**B- DISTRIBUTION STRATEGIES:**

The distribution of products can be divided into two major components: channel management and physical distribution management. Channel management, discussed later, consists of the planning, management, design, and administration of the distribution channels. Physical distribution is simply the movement of products into the right markets. These two elements of distribution are closely linked. "A well-designed and administered marketing channel cannot exist without an efficient flow of products to the channel members and final target markets in the right quantities and at the right times and places." Therefore, choosing the correct distribution channels and related activities are important to the firm's success and profitability. These activities include ordering, storing, delivering, and remaining in contact with retailers and wholesalers.

**I- Distribution Functions**

Product distribution is a continuing process that must be efficient and well-organized. Physical distribution can be defined as "the broad range of
activities concerned with efficient movement of finished products from the end of the production line to the consumer. STC has a well-developed channel of distribution for its products. It is able to successfully obtain and distribute a wide variety of products to the Lebanese market. In order to do this, certain related activities must be carried out. These are:

1- Transportation-in:

The method of transport for the products is an important decision. This choice will affect the price of the products, delivery performance, and the condition of the goods on arrival. It is therefore necessary to make a careful decision on the method of transportation. If the goods must be shipped quickly, airplanes or trucks are used. If low costs are the firm's goal, then ships are used. As transportation costs change over a period of time, transportation decisions are also ever-changing in order to maximize distribution while minimizing costs. Goods are shipped, after negotiation, by two methods: F.O.B. (Freight-on-Board) and C.I.F. (Cost, Insurance, Freight). A transitaire employed by STC is responsible for the products' delivery inside the ports. Letters of credit are commonly used for import activities.

Local products such as Musar Wine are transported directly from the wine cellar in Ghazir by truck to the Fattal warehouses. Foreign goods such as Passport Scotch Whisky, K.D.D. Juice, etc. are shipped mainly by sea in shipping containers.

2- Transportation-out:
Fattal owns a large fleet of trucks and vans used to move the merchandise from the port to its many warehouses, and in turn, transport the products to the market-place (wholesalers and retailers).

3- Warehousing:

All companies must have a place to store their goods while waiting for them to be sold. Storage and warehousing allows for goods to be saved until time to be distributed and sold. The more warehouses a company has, the quicker goods can be delivered to customers. The imported goods are first received in Fattal headquarters warehouses in Sin-El-Fil. These are used to distribute to East Beirut and to the warehouses (outstations) located in the North, West Beirut, the South, the "Shouf" mountain, and the Bekaa. STC has different agents in the various Lebanese regions to facilitate distribution and make it more effective and reliable. Each agent has his own warehousing facility in which he is given a 6-8 % discount. All these warehouses are used to store inventory and distribute the goods.

4- Package-testing:

Package-testing is the process by which products are tested for safety, expiration dates, and correct labelling. This process is especially important when food and beverage products are involved. All necessary changes required by STC such as package sizes, labels, color, and other improvements or modifications, are taken into consideration and adjusted in the factory.

5- Order-getting:
Order-getting is the process by which the firm's salesmen that cover the Lebanese market visit the various points-of-sales, according to a pre-set program, taking orders for their firm's products. Their visits include both on-trade and off-trade outlets. The orders are then submitted to the supervisor on the next working day, who, after checking them, sends these orders to the various warehouses where they are prepared, packed, and made ready for delivery.

6- Order-processing:

Once an order has been placed by an outlet, STC ensures its delivery within 24 to 48 hours. The order department prepares invoices and sends them to the necessary departments. Goods that are out of stock are back-ordered. Both STC and the customers benefit when these steps are taken quickly. Once the order is processed, the warehouse sends the goods out immediately, followed by the bills for the goods ordered. All orders, before being executed, are studied thoroughly by the accounting department. This is done in order to ensure that the customer's financial situation is good and payment will be no problem. If a customer shows irresponsibility, a weak financial position, or delays in meeting his payment schedules, a note is issued to all Fattal departments, notifying them to stop dealing with that particular outlet until the situation is normalized.

7- Market Forecasting:

STC attempts to follow a JIT (Just-in-time) inventory policy, whereby inventory is neither out-of-stock nor overstocked at any point in time. This is important for a member of a holding company in order to avoid payments for aging of stock, interest rate payments, etc. Thus, it is necessary for STC
to study the market's needs and analyze past sales and inventory turnover in order to prepare an adequate market forecast. In this way, the firm has a general idea on order quantities and can somewhat fulfill its JIT policy. At the same time, it can meet the market's demands as effectively as possible.

II. Channel Levels and Flow

When a product or product line is ready to be sent to the market, producers seek out a middleman or intermediary with the resources needed to distribute the goods efficiently in the market. Many producers take such a decision because they lack the financial resources necessary, the general know-how of selling a product on the market, or a good enough knowledge of the market itself and the needs and wants of the consumer. Once a distributing company or channel member is chosen, the producer gives up some control over how and to whom the products are distributed. Therefore, the intermediary must be well-trusted. Distributors such as STC (Fattal) are able to provide the producers with greater efficiency in making products accessible and available to specific markets.

Marketing channels are used to transfer products from the producer to the consumer. The various members of the marketing channels perform important functions as well as take part in certain marketing flow movements between the producer and the consumer. These flows consist of: The information flow is the collection and study of information on potential and current customers, competitors, and other parties involved. The promotion flow consists of creating ways to persuade and attract customers through offers, communications, and other means of attraction.
The negotiation flow is the exchange between parties agreeing on price and other terms.
Financing is necessary in order to pay for the inventories at the different channel levels.

Physical possession is the storage and transfer of the actual goods from pre-production to the final customer.
Payment is the process by which the buyer pays for the goods ordered through cash, checks, or in cases of shipping, letters of credit.
Title is the transfer of ownership of the goods or products from wholesalers to retailers to consumers.
These flows, studied on a regular basis, enable STC to ensure that the distribution of goods is as efficient as possible.

**III Channel Management**

"Channel management is concerned with the overall design and administration of distribution channels and involves the planning and management of all of the major channel flows (product, negotiation, ownership, information, and promotion.)"22 Channel management is closely linked to physical distribution as shown in the following channel management duties:

The primary issue the channel manager must face is to determine the type of services required by the distributor. This is accomplished by conducting surveys in order to learn and deal with the needs and problems of the individual members.
Secondly, the channel manager must view the distribution program from the perspective of the distributor in order to make sure their needs are met properly.

Finally, the distribution program must be monitored over time in order to accommodate changing needs and problems that might arise. It is critical that these are taken care of before they become severe and thus the good relations between the producer and distributor is maintained.

All decisions concerning the various processes involved in distribution are taken primarily by the Managing Director of STC.

IV Sales Force Management

Recruiting an effective sales force is important since the company's only link to the customers is the sales personnel. Because companies compete with each other to get orders from customers, the sales force must be strategically placed, reaching the right customers in the right way. Increasingly, selling is requiring the sales force to work as a team, supporting each other's activities.

STC uses a market sales force structure, whereby many products are sold to different types of customers, all under the control of STC's Managing Director. This sales force consists of:

1- Eight salesmen are employed to cover Beirut and surrounding areas. Six are available daily in East Beirut, Matn, and Kesrouan, and two are positioned in the West Beirut area. Concerning the outstations, two salesmen cover the "Shouf" area, two in the Bekaa, one in Tripoli, and one in South Lebanon.
2- One sales supervisor is responsible for the control of salesforce activities. Each outstation also has its own supervisor. The duties of these supervisors consist of collecting sales orders from the salesmen, preparing them for delivery, regulating any problems that arise, visiting the market-place to ensure smooth operations, and finally observing the activities of competitors.

3- Two merchandising girls are responsible for monitoring shelves and displays in the various outlets.

4- One marketing executive is responsible for the development of marketing plans, policies, and promotional strategies.

5- The Managing Director oversees the activities of the entire sales force team, ensuring that the operations are progressing as planned, and personally interfering when necessary. He establishes a routine contact with the suppliers, discussing the various aspects of the distribution and promotion of their products. The Managing Director also follows the individual careers of his salesteam, ensuring that rewards, bonuses, and promotions are given when deserved.

Weekly improvement meetings (WIM) are held in order to discuss the various issues that arise during the whole week. These include discussion about the company's stock situation and payment activities. The supervisor heading the meeting encourages opinions and ideas concerning promotions for slow-moving items. Finally, the employees are asked to discuss various subjects, giving their opinions and views.
PROMOTION STRATEGIES

One of the most important advancements of the 1990s is the integration and unification of marketing communications and promotion management. Marketers must be able to communicate with all customers, present and potential, and at the same time develop promotional strategies to serve the purpose of attracting, informing, and persuading. "Promotional strategy may be defined as a controlled, integrated program of communications... designed to present a company and its products to prospective customers; to communicate need-satisfying attributes of products... and thus contributing to long-run profit performance."23

Several factors must be taken into consideration when implementing the promotional strategy. The first is advertising, the presentation of the products or services to the public through any means of mass media. Second is personal selling, where a prospective customer is persuaded to buy in a one-on-one communication. Finally, publicity is the unpaid communication of the product's qualities to the public.

Many producers rely heavily, sometimes too heavily, on the advertising aspect of promotion, their motivation being the idea that the higher the consumer demand for the product, the more channel members will automatically promote the product. In the long-run, though, this is not helpful in building good relations with distributors such as STC.

An important promotional strategy is environmental management. Promotion managers must monitor all environmental changes and developments in order to plan and prepare strategies that fit with the environment and the market-place. These managers are able, to some extent, to influence outside circumstances to fit their needs, yet most importantly,
they must anticipate future developments and prepare to handle them rather than simply react to changes.

STC manages a promotional program designed to deliver the company's complete product lines, services, prices, and image to the ever-changing and ever-growing market. Because promotion, as mentioned earlier, is simply a form of communication, STC's promotional program has been developed to facilitate the flow of information from the firm to the end user.

I. DETERMINING OBJECTIVES OF COMMUNICATION:

The primary objective of STC is ultimately to influence purchase behavior and shift the buyer's attitude toward the purchase of the goods and, in turn, provide satisfaction after the product has been used. The marketer seeks not only to change a predetermined attitude, but also to convince a buyer to take certain buying actions. There are several important objectives of communication in the promotional process. These are:

1- Awareness: If the target market is uninformed about a product or product line, the firm's objective is to build awareness, even if it is as simple as name recognition. Both Musar Wine and Passport Scotch Whisky are in the awareness-building stage, for the reason that they have been newly-introduced into the market and have minimal market share.

2- Knowledge: This objective is important when a product has awareness, yet no specific product features are known. K.D.D. Juice and Bahlsen Biscuits are names that are recognized in the market-place, yet the average consumer is not aware of what the complete product lines are or what they
offer. K.D.D. is known for its fruit juices, but it also offers a wide range of dairy products that are not concentrated upon. Bahlsen Biscuits has a line of chips that are also as familiar to the public as its biscuit line.

3- Preference: In many cases, the target market might like the product or service, yet not have a preference between it and another brand. Therefore, it is the objective of the firm to build consumer preference through promoting the product's special qualities, features, value, etc. This is important for products with substitutes that are of similar quality and price. Passport and Musar must be heavily promoted for this reason. Their competitors fulfill the same customer needs and are therefore characterized as substitutes.

II. DETERMINING THE COMMUNICATION TARGET:

The marketing department of the firm must determine what audience to target for each of its products or services. This target market can consist of potential customers, present customers, deciders, and influencers. When analyzing potential target audiences, the market's image of the company, its products, and its rivals must be assessed. Therefore, a market analysis must be made in order to measure the target market's knowledge and to discover the impressions people have of the company and its products. Once this has been completed, the firm must establish a desired image to match with the expectations and demands of the target audience.

STC concentrates on a specific target market for each of its product lines. Each product appeals to different types of consumers and therefore the company must choose carefully what market segments to apply to which product lines. STC not only tries to appeal to its current market, but it is also seeks to attract new customers and enlarge the scope of its target market.
The Rubis Wine of Musar and Passport Whisky lines are targeted primarily towards the youth market, who have not yet chosen a preferred brand to drink. The principal targets within this chosen market are specifically young males and females in the middle and upper classes, who frequent night-clubs, restaurants, and other drinking establishments. That is not to say that STC solely targets this group, yet it has a heavier concentration in this area than on other, less important customer groups.

Bahlsen Biscuits and Lindt Chocolate, due to their quality, brand image, and reputation, have a target market in the higher income bracket of the social structure. Average working class people will not habitually buy such expensive products. Children are also primary targets for Lindt Chocolate, Bahlsen Biscuits, and K.D.D. Juice. This is true because the younger generations tend to eat sweets more than adults, and have more occasions to do so; birthdays, parties, snacks, school treats, etc. Children also tend to drink more milk and juice than the average adult consumer. STC targets these groups correctly through monitoring the audience's current image of its own products and about those of its competitors. It measures the target group's knowledge of its products and determines what kinds of promotions are necessary given the awareness, knowledge, and preferences of the target market. With Lindt and Bahlsen, good reputation and brand awareness is existent. Therefore STC seeks only to strengthen brand loyalty and increase repeated purchasing behavior through its promotional programs.

Passport Whisky is still relatively unknown, yet it is getting a favorable response by those few that do know it. Thus, STC aims to build preference and influence customers in such a way as to make them shift to its own products through gift promotions and repetitive ads.
III PROMOTIONAL ACTIVITIES AT STC:

When implementing an overall promotional program, the manufacturer and STC share the responsibility of reaching the target markets. While some producers rely completely on promotions to get their products through the channels, this is often insufficient. Direct involvement by all channel members (manufacturer, distributor, final outlet) is usually recommended for an efficient and effective promotional program. Cooperation must be attained among all of these independent businesses in order to achieve a successful promotional campaign that is appealing to all concerned and realistic in its requirements for channel member support.

Generally speaking, the promotional concept is decided upon by STC. Certain goals have been set that are to be achieved by the promotion. They are:

1- A considerable boost in sales
2- High impact on consumer awareness
3- Close and direct or indirect contact with consumers to convey the promotional message.
4- Consumer feedback gathered by promotional personnel.

Each product line distributed by STC has its own set of promotional activities that are suitable to the nature of the product as well as to the specific target audiences. Each of these promotions has its own rationale, timing, and allocated budget that must be adhered to.

Musar Wine's promotional program incorporates many different promotional tactics and strategies:
- During the Christmas season, Musar has a Christmas Card Greeting program whereby customers receive a musical Christmas card with the purchase of X bottles of wine.
- The Musar Stand Alone Rack promotion allows the customer to receive a wooden wine rack free with the purchase of X bottles of wine.
- A Musar branded cheese tray is offered free also for the purchase of X bottles.
- A certain number of Musar Cartes de Vin are printed, allowing space for restaurants to include other competitors.
- End-of-year Events will be held at the end of 1994 such as:
  1. Visit to Chateau de la Loire in France.
  2. A joint promotion with a known silver manufacturer whereby the customer receives a freebranded gift for every three corks.
- A documentary entitled "Made in Lebanon" will be produced and shown on television. It will include the origin of Musar, its history, and characteristics of the wine.
- A 2-3 minutes television break, similar to the CNN break, will be sponsored by Musar and will talk about Musar World-wide events.
  Passport Scotch Whisky has its own promotional program which consists of:
- Consumer promotion
  1. With each purchase of one bottle, the customer receives one point-of-sales materials gift.
  2. For each potential whisky drinker, one miniature bottle is distributed.
- On-Trade promotion
1- The sponsoring of special nights in targeted night spots where the target group can be reached. This is done in order to construct a data base for customer information.

- Local production of points-of-sales materials:
  1- X number of branded lamps for night spots.
  2- X number of branded banners.

The Lindt Chocolate promotional program consists of:
- In-store promotion whereby STC personnel distribute tasting samples.
- Deals to prestigious restaurants are made on an annual basis such as offering Lindt Chocolate to the patrons at the end of their meals.

The Bahlsen Biscuits promotional program is, like Lindt, not very widespread because of its maturity and awareness in the market. Its promotions include:
- Food expositions featuring the product.
- In-store promotion whereby STC personnel carry out tasting operations with potential customers.

K.D.D. Juice's promotional strategies include the following:
- 10% of goods bought is provided free for the purchase of over 100 cases during dead seasons.
- In-store tasting operations are held in sales outlets for current and potential customers.

Whether the promotional activities are demonstrated through sports or cultural activities, beach activities, ski contests, swimming competitions, tennis tournaments, sponsorships of certain events, on-trade or off-trade promotions, exhibitions, or lotteries, they are all important means of
encouraging and increasing product awareness, knowledge, and preference. The nature of the promotional activity is chosen in relation to the needs of each specific product or product line. The size and frequency of the promotion is determined mainly by the objective to be reached and the allocated budget. STC's Managing Director discusses the various promotional activities in coordination with the advertising agencies that deal with any product pertaining to STC's product portfolio.

IV- SELECTING THE COMMUNICATION CHANNELS:

In order to reach the target markets, effective communication channels must be chosen. Only in this way can the firm's message reach the target audience efficiently and successfully. There are two general kinds of communication channels: the personal and the nonpersonal.

1- Personal Communication Channels:

Personal communication involves direct communication between STC and the retailer or wholesaler through any means including person to person, over the telephone, through the mail, or by messenger. The salessteam employed by STC carries on personal communications with outlets on a daily basis. The salesperson's golden rule is to be interesting, motivational, and memorable. Personal communication channels are effective because they offer the person or persons at the other end of the communication feel individualized attention with the personal touch. This strategy also allows for immediate feedback. In this way, the final result can be modified or adapted in order to please both parties. STC does not simply make a statement or impose a deal on the other party.
The most persuasive personal communication channel is through word-of-mouth. This type of personal influence is given much importance. The Managing Director and the supervisor of STC have been known to call or visit certain outlets to convince the owner to implement certain promotional activities or to solve any rising problems on the personal business level. When the product is risky or expensive, the buyer will often bypass the mass-media and look for information from trusted and educated sources such as these.

2- Nonpersonal Communication Channels:

"Nonpersonal communication channels carry messages without personal contact or interaction."24 STC utilizes primarily the media form of nonpersonal communication. This strategy, in which customers are reached through a one-way communication, consists of the print media, the broadcast media, and the display media.

a- Print Media: Although the impact of the print media is not as great as television, it can reach certain targets efficiently. The print media consists of newspapers and magazines. STC advertises through print for both Bahlsen Biscuits and Lindt Chocolate in magazines such as "Prestige" and "Magazine."

b- Broadcast Media: Broadcast media consists of radio and television advertising. This medium reaches the highest number of target audiences of all the media channels, especially when the firm chooses the right programs, transmission times, and frequency to reach its target markets. The bulk of the promotional and advertising budget is spent on broadcast media. Passport
Scotch Whisky is highly advertised on television, appearing on channels such as LBC, TL, MTV, and C33. STC also advertises Passport Whisky through frequently played radio jingles focusing on its slogan, "A Style of its Own." Musar Wine is advertised solely on LBC and during specified target programs due to its limited budget. Bahlsen Biscuits is advertised primarily on television's LBC and C33 and also uses radio jingles focusing on "Bahlsen is what the Gourmet Heart Desires" as its slogan. STC places the bulk of its Lindt Chocolate and K.D.D. advertising budgets on television commercials, focusing mainly on LBC.

As for the transmission time schedule, STC shows its juice, chocolate, and biscuit advertisements early in order to reach the target audience of children and parents who watch the children's programs with them. For wine and whisky, the commercials are shown during peak hours of viewing, i.e. during the news, films, or famous shows. In this way, the adult target audience is reached.

c- Display Media: The display media is the advertising through billboards, signs, and posters, forming a special network covering all of the Lebanese region, especially Greater Beirut as the most impactful location. This method of advertising has a low cost and reaches a large number of consumers. Musar Wine, Passport Whisky, and Bahlsen Biscuits presently are advertised on Fattal's billboard network. These billboards are placed in strategic locations in order to attract the most attention possible. Furthermore, several small-size posters are freely distributed to retailers in order to attach them to their walls or windows. Moreover, stands for STC's products are distributed in supermarkets to be placed near the available products to be sold. This is done in order to upgrade the display area and attract more customers. To
further upgrade the look of the display area, attractive shelf-talkers and
stickers are used.

V- DETERMINING THE PROMOTION BUDGET:

Determining how much to spend on promotion is one of the most
difficult marketing decisions of firms today. STC determines its advertising
expenditures in several ways. These are the competitive environment, the
product life-cycle, and the percentage-of-sales method. The competitive
environment is a factor because if a direct competitor is offering certain
promotions or is advertising heavily, then STC must respond quickly through
a heavy counter-advertising strategy. If a product is in its introductory or
growth stage of the product life-cycle, a higher advertising budget must be
allocated to the product or more promotions must be done to create
awareness or demand. STC also uses the percentage-of-sales method when
setting its promotional budget. The firm determines its budget by taking a
certain percentage of anticipated sales. The advantages of using this method
are that "promotion expenditures would vary with what the company can
' afford' [and] it encourages competitive stability to the extent that competing
firms spend approximately the same percentage of their sales on
promotion."25

VI- DECIDING ON THE PROMOTIONAL MIX:

The promotional mix is the distribution of STC's total promotional
budget over advertising, sales promotion, and salesforce. Companies vary in
how they determine their own individual promotional mix. STC, at times,
increases its sales promotion expenditures relative to its advertising
expenditures in order to gain faster sales, especially when the product is
about to expire. Designing an effective promotional mix can become complicated when one tool is used to promote another, as in the case of Passport Whisky's introduction into the market. Radio advertisements were used to notify the public about another promotion, the free Passport Whisky night in a specified night-club.

1- Advertising:

Advertising is a one-way communication conducted as a paid media tool. It is very efficient when a large number of potential buyers dispersed throughout different geographical zones is to be reached, and it builds up a long-term image for the products.

Persuasive advertising is the method by which the firm attempts to build selective demand for its various products. Most of the advertisements fall into this category, thus building brand preference and encouraging the switch from competitive brands to the firm's own brands. STC's goal is to do just this. STC's advertising messages transfer desirable and interesting information about the product's features, focusing on special slogans in order to differentiate its products from competitors with similar or identical messages. For example, Musar Rubis Wine uses the new slogan "The Rebel Wine from Musar." Advertising can be used to build up a long-term image for a product (Lindt Chocolate) or it can be used to generate quick sales (any product that offers special promotions such as the Musar End-of-Year Event.)

According to STC's Marketing Research Department, Lebanon incorporates:
- 45 Television Stations
- 60 Radio Stations
- 11 Daily Newspapers
- 18 Weekly Magazines
- 12 Monthly Magazines

Overall, the Lebanese market's advertising budget is distributed as follows:
- 72% News
- 12% Radio
- 10% Newspaper
- 4% Magazine
- 2% Billboards

100%

Finally, the top television advertisers in Lebanon are:
- Cigarettes
- Whiskies
- Soft drinks
- Detergents

2- Sales Promotion:

The sales promotion tool consists of offering several incentives to buy. It yields a faster response than advertising. It is a short-term program aimed at stimulating quicker and greater purchase of the firm's products. STC's sales promotions retain three distinctive characteristics: communication, incentive, and invitation. A customer is introduced to a product through information provided by the firm to gain the attention of potential and present buyers. Incentive is the process by which STC offers some
inducement of value to the potential buyer. Finally, invitation is when the customer is invited to buy the product as a response to the promotion.29

The function of STC’s promotion department includes the preparation, implementation, and assessment of the specific promotion in the on-trade and off-trade segments of the market.

The process by which the promotion is conducted is made up of six steps. They are:
- The supervisor of the promotion department meets with the Managing Director to fix the schedule of the promotion.
- The supervisor ensures the smooth running of the program.
- The supervisor meets with the promotion team, briefing them about
  * Product knowledge
  * Promotion objectives
  * Competition
  * Sales talk
  * Target group
- The event must be booked with the outlet to reserve before the promotion date.
- Daily supervision and control must be maintained.
- Assessment of the promotion is conducted.30

STC uses a variety of sales promotion tools:

- Refund Offers: A refund is the practice by which distributors offer cash discounts or reimbursements to consumers who submit proofs of purchase. In order to encourage retailers to buy 10 cases of Musar Wine, STC offered 2 cases free for a certain period of time.
b- Premiums or Gifts: Free gifts are offered to the final consumer as an incentive to purchase the firm's products. STC has offered one free mini-whisky bottle with the purchase of two bottles of Passport Whisky. For Musar Wine, a wooden wine rack was offered to the customer following a purchase of six bottles of wine. As for retailers and wholesalers, several package offers were given by STC, presenting the opportunity to gain up to one ounce of gold with the purchase of a certain package. Premiums are offers of merchandise or services such as travel by the distributing firm to induce action on the part of the sales force, trade representatives, or consumers.

c- Price-offs and Allowances: These tools are strictly used for trade promotions. They help to gain shelf space or to get wholesalers and retailers to carry more products in their warehouses and outlets. To be able to do this, STC offers a yearly 3% discount to those retailers and wholesalers who buy certain fixed quantities of goods per year.

d- Others: Multiple packaging is used to encourage the sale of slow-moving items by packaging them with a more popular product. Bahlsen Biscuits, at times, will sell its popular biscuits in a package that includes its less-known Bahlsen Potato Chips. Lotteries and prizes are also used to boost sales of certain products. The winner of the lottery wins a certain prize.31

3- Sales Force:

Personal selling is an effective tool at certain stages of the buying process, especially when building buyer's preference, conviction, and action. This is important because this method involves an immediate and responsive
relationship in which things are discussed, agreed upon, and implemented to the satisfaction of both parties.

The salesperson, who serves as a link between the firm and its customers, should familiarize himself with the sales tools which include the sales presenter (an informational booklet or brochure), samples of the product, a customer record card (to organize customers and visits), and a complete knowledge of the products. Using these tools confidently is important because STC wants the buyer to concentrate solely on the sales message being conveyed, not the salesperson trying to juggle with pieces of equipment. STC trains its sales team to show preparation and professionalism, demonstrating to the buyer that the salesperson is interested in his business and the customer. This builds goodwill. The sales team is taught that good brand-talk is the only tool that can truly differentiate STC's product from its competitors.

VII. MEASURING PROMOTION RESULTS:

In conducting the promotional activity, the firm distributes promotion assessment sheets to the promotion employees in the various outlets. These sheets are filled out in order to measure and assess information about audience reactions towards the firm's products, total number of units sold versus total cost, quantities bought by males versus females, specific product references that were big sellers during the promotion period, number of persons dealt with during the promotion, and number of customers who actually bought the promoted product. Finally, at promotion completion, a final report is issued to record customer feedback and opinions about the products and promotion, the sales ranking per region for future improvement, and the stress on sales force and distribution.
ENDNOTES:


4- Computerized list of Musar product line available at STC.

5- Interview with Mr. Ronald Hochar, Owner of Musar Wine.


7- Interview with Miss Najwa Sfeir, Marketing Research Department, STC.

8- Computerized list of Lindt Chocolate line available at STC.


11- Interview with Miss Najwa Sfeir, Marketing and Research Department, STC.

12- Interviews with Mr. Nabil Bou-Malham, Managing Director, STC and Miss Najwa Sfeir, Marketing Research Department, STC.


14- Computerized list of K.D.D. Juice line available at STC.


16- Interview with Mr. Georges Georges, STC's Unit Manager for Beverages.


27- Interview with Miss Najwa Sfeir, Marketing Research Department, STC.


29- Interview with Mr. Nabil Bou-Malham, Managing Director, STC.

30- Interview with Miss Desiree Akiki, Promotion Supervisor, STC.
31- Interview with Mr. Gaby Pharaon, Sales Supervisor, STC.

32- Interview with Miss Desiree Akiki, Promotion Supervisor, STC.
CHAPTER FOUR

SURVEY ANALYSIS

Due to the importance of factual information and details in this study, the researcher found it necessary not only to use secondary sources and personal experience for research information. Interviews with key personnel related to the company, its products, the promotion, marketing, and sales strategies were necessary in order to obtain practical, first-hand information about the company's internal environment as well as the external market situation. The questions posed to interviewees were thorough and detailed and through discussion, more questions were created and discussed.

The interview with Mr. Nabil Bou-Malham, the Managing Director of STC began with specific questions related to the Lebanese market-place. After a discussion about the business environment, the conversation shifted to Fattal Holding Company, and specifically to STC when Mr. Bou-Malham began speaking about the firm, the researcher posed several questions pertaining to STC's position in the market and how the company's position is affected by its membership in a holding company such as Fattal. This led to an analysis about STC's external threats and opportunities. The conversation then shifted to a discussion about the firm's internal strengths and weaknesses. The interview then became more specifically aimed towards
STC's goals and objectives once its external position was defined and explained.

Following this, the researcher began to ask a set of prepared questions related to the products and product lines that STC distributes to its clients. When discussing these items, Mr. Bou-Malham responded with details that included what STC's strategies and objectives are with each individual product offering.

This conversation led to the creation of more questions by the researcher concerning whether the strategies are effective and if the objectives are met in terms of market segmentation, distribution, advertising, and sales promotion.

Once the products and product lines were fully discussed, the researcher asked how those products are perceived presently in the market as well as how they might develop in the future, given the Lebanese situation. A question was then posed relating to the products strengths and weaknesses in all of their aspects.

A set of questions were cited on the subject of pricing. Mr. Bou-Malham responded by discussing the problems STC faces when setting prices, and why and how it carries out its pricing methods. These questions led to a deeper discussion about the consumer and how the company gains and maintains market-share. This logically flowed into a limited talk on the subject of competition.

Because STC is a distributing company, the next set of questions were related to the distribution system and the various functions of the staff.

Because of Mr. Bou-Malham's position as managing director of STC, he was able to speak broadly on the various subjects related to the firm. The researcher asked a variety of questions, not concentrating solely on one
aspect of the firm's operations. In this way, the interviewer met his objective of gaining a general overview for the study.

In conducting the interview with Mr. Izzat Eid, the interviewer's objective was to obtain specific information concerning the operations and sales aspect of STC.

The researcher began with a discussion about the economic situation of the country, its effects on STC and the company's position in the market. During the discussion, Mr. Eid answered specific questions related to STC's goals, objectives, and strategies. This led the discussion of how these strategies have succeeded in influencing consumer demand and sales as well as how competition affects the sales and operations of firms such as STC.

Because the sale of a product requires a knowledge of inventory and methods of transportation, Mr. Eid was able to answer questions related to warehousing and other distribution functions in detail. He also explained the importance of distributing firms, answering the question of why producers use agents and do not market their own goods.

As manager of the sales team, Mr. Eid was clear in his assessment of the STC sales team and their respective duties. He stated what is expected of his sales team and how they accomplish their objectives for the good of the company.

Mr. Eid's function in the company relates more closely to the sales and operations aspect of the firm as compared to Mr. Bou-Malham's position in the marketing and management area of the firm.

The researcher's objective in interviewing the sales supervisor of STC, Mr. Gaby Pharaoun, was to get a close-up view of the daily operations of the sales team. Mr. Eid's interview was concerned with the overall aspects of sales in the market and their impact on the firm as a whole.
Mr. Pharaoun deals with the salespeople on an individual and daily basis, following closely their routine tasks and functions. Therefore, after discussing the sales environment and STC's position in the market, the researcher questioned Mr. Pharaoun on competition in the market-place and how it affects sales of certain products or product lines.

Because of his first-hand information of what is distributed to the market, Mr. Pharaon is well-informed on each product and its characteristics. Thus, the researcher posed questions related to the products, their life-cycles, and their strengths and weaknesses, in order to gain a better perspective on how STC maintains its position in the market vis-à-vis competitors. Mr. Pharaoun deals on a daily basis with employees that put many efforts into their work, therefore, he commented to the interviewer that there are ways for these employees to express their opinions and suggestions. The researcher asked for a further explanation of this topic. As well as being employee-oriented, the sales supervisor must also be customer-oriented, thus Mr. Pharaon was able to speak easily about the ways that STC's salessteam gains customer awareness, sales, and satisfaction through their own efforts as well as through what the company offers.

The marketing and research department of a firm is a very important source of information when seeking to understand and analyse a company's objectives and strategies in a competitive market. The researcher chose to interview a member of STC's marketing and research department, Miss Najwa Sfeir, in order to determine the functions and importance of such a department in helping to meet the goals and objectives of the firm as a whole.
As with the previous interviews, the researcher began by posing specific questions about the market environment and STC's position. Miss Sfeir was able to discuss this subject thoroughly because her position requires a complete knowledge of the market, the economic situation, and the business environment. The discussion at this point did not provide a much different point of view than the other interviewees on the subject of the Lebanese market situation.

Miss Sfeir was able to provide a more detailed answer to STC's promotional activities and marketing strategies concerning its product lines. With this subject being discussed, the conversation shifted logically to the consumers and their demand for the products. This is true because promotions are held in order to attract customers and work directly with the public to gain their interest and make sales. Thus, Miss Sfeir heavily stressed the customers; the importance of satisfying their wants and needs, as well as knowing who they are.

She also concentrated her conversation on the products offered to the market and what the advantages and disadvantages are to the customer. This led to a set of queries by the researcher concerning market segmentation. They dealt with the way the firm determines how to segment the market and what products to target to which audience.

The promotion department is an important department in helping to determine how products are introduced and promoted in the market-place. This function is the prime objective of a distributing firm such as STC.
According to Miss Désirée Akiki, who is in charge of the promotion department at STC, promotion is not simply offering goods to the public through special incentives, or even advertising the products. Promotion is first the discovery of what the customer wants and how to meet the demand created. Miss Akiki stated that each promotional strategy is created in order to meet these needs.

Following this discussion, the researcher led the questioning to how promotions are conducted and implemented and what goal each program is trying to achieve.

Miss Akiki was also asked about what messages are transmitted to what audiences. Because of her direct involvement in designing and mainly executing STC's promotions, Miss Akiki was able to provide the researcher with specific information concerning the types of promotional activities conducted by STC for its various product lines.

The set of questions posed to Miss Akiki were concerned with how the department determines the budgets for the many promotions as well as choosing the means of communication used to reach the target markets. Although her position is primarily to conduct and execute promotional programs, she was knowledgable about the previous aspects and was able to answer the questions fully.

She stated several points about her work in measuring promotion results, giving the researcher a form that is used for such cases. She stressed how the measurement of these results is very important to the company in order to determine better market segmentation procedures, new target markets, and customers needs and how to implement future promotional programs.
The researcher chose to interview two members of the STC sales team in order to examine their first-hand views on the market, the business environment, and STC's image according to outside sources. They were very helpful in providing the researcher with primary data on how sales are affected by the current environment and what techniques and tools they use in order to fulfill their duties.

Nabil Iskandar, the Personnel Manager at Fattal, was chosen for an interview because he is knowledgeable about the company's internal system and whether it is operating efficiently. He stated that the more satisfied and motivated the employee, the more healthy and productive the firm is. This led Mr. Iskandar to explain in detail about his company's system of handling complaints and suggestions by the firm's employees.

The interview with Mr. Joe Ayoub of Intermarkets Advertising Agency was primarily to gain a general understanding of the role of advertising and the extent of its impact on the consumer market. During the interview, Mr. Ayoub discussed their policies and objectives when determining advertising strategies for their clients. He was able to discuss their role within the market and answer the questions posed with clarity, yet on a general basis. He was not specific about his own agency's strategies and methods, although he did discuss the relationship between his agency and STC, and how STC's portfolio is being handled.

Because Mr. Georges Georges, STC's Unit Manager for Beverages is new to the company, the interview remained general and theoretical. The questions were specific on pricing, products, and company objectives, yet Mr. Georges answers were not as detailed as expected. He discussed his position and what he hopes to achieve in terms of his product lines and future company expansion.
After conducting these interviews, the researcher found that no matter what position they hold, each interviewee is a major contributor to the efforts of the company to grow and maximize its potential market share.

Building good relationships between the distributor and the dealer (wholesaler or retailer) is a very important process. The dealer must trust and be able to work well with the distributor in order to successfully get the products onto the market.

A panel of fourteen "A" customers composed of wholesalers, retailers and other dealers gathered to discuss their opinions of Fattal as a whole, including STC. It was found that, in general, Fattal has a positive working relationship with their outlets.

When asked their opinions about Fattal's sales representatives, including those of STC, it was found that they are considered trustworthy, knowledgeable about the products, stocks and prices, and have the ability to cope with problems.

The panel stated that, in general, the company had continuous stocks of goods available.

Concerning invoices and delivery, the panel agreed that all deliveries were made according to the invoice where a clear designation was put on each item. Generally, goods are delivered on the agreed day.

Concerning missing and damaged goods, the panel was pleased to report that they are always issued clear credit notes.

In general, the dealers that work with Fattal are satisfied and see quick and easy resolutions to any problems that are encountered.

On the other hand, the panel suggested certain changes that could be made in order to improve relations and increase efficiency. They stated that more time should be given for the outlets to settle their payments and
smaller trucks and Vans should be used for more efficient and immediate delivery.

The panel also suggested to have not more than one price increase per year.

In order to have more organized promotions, bookings should be made one month in advance rather than the usual two weeks through qualified personnel.

The panel was then asked about their relationships with Fattal's staff, sales representatives, and managers. The response was positive, describing those relationships as smooth and flexible.

Through personal experience in the market place, the researcher learned that most consumers have heard of STC's products, but not of its name, thinking that Fattal is one entity carrying out all the distributions in the market.

The consumers are impressed with Fattal's history and rich portfolio of international products that are high-quality and reasonably priced.
CHAPTER FIVE

CONCLUSION

Findings:

It is clear that Strategie Trading Company, despite the challenges of scarce resources and heavy competition, is determined to continue in its struggle to ensure its growth in terms of market share and profit. This is apparent in the product and promotional strategies that STC has created in order to increase its chances for success.

In the midst of Lebanon's unstable political, financial, and economic environment, the business sector has been severely affected. Foreign competition in the region has become a threat due to the fact that these potential competitors have not suffered the results of war. Yet, because of Fattal's belief in the country, the firm chose not to leave as many of its Lebanese competitors did. This ensured a strong market position, credibility, and trust in Fattal and in its holding companies.

STC has achieved a certain level of growth and success, and although there is still a long way to go, the company is approaching its goals of customer satisfaction as well as efficient distribution, promotion, and product strategies. These achievements are due largely to STC's focus on satisfying the customers through quick service, quality products, efficient
distribution, and effective promotional programs. The firm offers the following to its customers and outlets.

- A rich line of products.
- A variety of product lines ranging from top quality / high priced products (Lindt Chocolate) to mass-produced products with average prices (K.D.D. Juice).
- Wide market coverage to reach customers in all the Lebanese geographical zones.
- Well-qualified and trained salesforce.
- Solid intercompany coordination
- Solid channel member coordination
- Personal relationships and communication with customers.

There are many factors related to the success of a company. It is crucial for the company to be aware of not only its environment, but also of its internal operations and values. STC has increased its growth potential through its clear knowledge of:

- Its corporate mission, objectives, and strategies.
- Its competitors and their objectives and strategies.
- The opportunities and threats existing in the environment.
- The appraisal and discovery of the firm's available resources.
- The determination of the company's strengths and weaknesses.

**Recommendations:**

In order to achieve a stable annual growth, a bigger range of loyal and satisfied customers, and fighting competition more effectively, STC must apply the following recommendations.
I- Customer Service Department:

The Fattal mission states, "We are in the business of distribution and marketing... We strive to be recognized as committed agents dedicated to continuous improvements in the services we provide." 1 Therefore, in order to respond to the requirements of this mission, the researcher recommends that STC create a special department dedicated to answering the inquiries and complaints of customers (on-trade outlets, off-trade outlets, and end-users), serving them in a quick and efficient manner, building customer loyalty and confidence, and allowing the salesforce to concentrate their time and efforts on distribution and display. Thus, it is clear that the most important objective of this service is to treat customers as individuals, attempting to meet all their needs. STC's customer service must be aware of how to treat difficult and angry customers through effective communication and active listening strategies.

II- Building Relationships with On-Trade Staffs:

It is important for consumer-product firms, especially those dealing in food and beverage items, to have good relationships with the employees of on-trade outlets. Therefore, it would be useful for STC to create a club or organization in which benefits and training would be offered to the on-trade staffs, thus encouraging them to show brand loyalty and push sales.
III- Promote Job Satisfaction in the Workplace:

A major factor that determines the success or failure of a company is the level of happiness and job satisfaction within the firm itself. This is true because when an employee is confident and satisfied, he is more motivated and his output is increased.

Several ways to achieve this goal are as follows: STC should provide complaint and suggestion services for company employees. In this way, the firm can show employees that their opinion matters and they have some element of control over their work. The firm should also provide performance-based rewards as an incentive for employees to do their best work. The harder they work, the more recognition they will receive. Another motivator is to allow opportunities for advancement and promotion. If an employee sees a clear career-development opportunity, he is more willing and challenged to reach the highest goal possible for himself.

IV- More Efficient Follow-Up Program:

It is not sufficient to simply give rewards for performance. A good firm must follow up the work of its staff and sales team on a daily basis. They should be monitored and evaluated more efficiently in order to increase competence and output. If an employee is aware that his performance is closely supervised, he will be more likely to achieve higher goals.

V- Other Recommendations:

The firm should concentrate more heavily on outstations such as the Bekaa region and the Shouf Mountain. Regular visits by the firm’s supervisors to the important wholesalers and retailers in the area will boost
sales. This is true because these areas are not covered optimally by STC. This form of direct, personal communication means a lot to these outlets and they feel important and well-treated. Positive results can be expected from such visits.

Secondly, STC must continually seek out new and potentially successful products to distribute to the market, thus expanding its customer base and growth potential. In this way, more consumers will be exposed to its products, thus maximizing the chances of awareness and satisfaction towards the consumer.

The company should also expand its marketing research department to include not only preparing market strategies, targeting markets, and advertising, but also studying the problems and opportunities of the firm. STC can capitalize on these findings and strengthen its market position.

When offering a product to the consumer, the physical placement of this product on the shelf has a direct effect on sales and profit. STC must concentrate more heavily on placing products in the areas that have the greatest impulse sales appeal on the best shelf location. Simple changes in the shelf display can mean significant increases in sales. The products that STC’s product is placed next to is also a determinant of sales volume. Therefore, it is very important for the STC sales team to be more aware of these factors when deciding on displays and shelving.

Finally, STC must remain continually up-to-date on the competition in order to fight them with its own counter strategies. It is also important for STC to be more fully aware of changes and advancements in the market. By being knowledgeable about the microenvironment, STC can not only protect itself from an ever-changing environment and ever-increasing competition, but it can also join in the search for improvement and excellence.
APPENDICES

APPENDIX ONE

HISTORICAL BACKGROUND:

Khalil Fattal et Fils was established as a trading company in 1897 in Damascus by Khalil Fares Fattal. His two sons, Jean and Michel joined their father after completing their education in Austria. The company began as a commission agent and eventually began to be recognized as an intermediary between European suppliers and local customers.

In 1926, Jean was sent to Beirut in order to begin a Lebanese venture after convincing his father to undertake trade activities by importing his own stock and extending credit to customers. The first exclusive representation for Khalil Fattal et Fils was a line of sewing needles.

That same year, Lebanon was proclaimed a Republic with the population of Beirut at 60,000.

In Lebanon, the customer base was small and KFF decided to concentrate on trade- marks. With the two brothers hard work, agencies were opened in all sectors of business.
In 1939, with the breakout of war and the international crisis, trade became risky and difficult. Transportation of goods could not be ensured. The brothers decided to take the risk and adapt themselves to the circumstances.

With the end of the war in 1945, the company regained stability and it perfected its techniques of supply and distribution.

1951 saw the opening of the new headquarters in the Rue du Port in Beirut. As time passed and stability increased, the country revealed its rich potential, with the development of resources such as a port, an international airport, world-class hotels, a free zone, a secret banking service, and free exchange.

The company was restructured in 1956 and a limited liability company Khalil Fattal et Fils was formed.

In 1962, the purchase of a computer paved the way for a shift from manual operations to mechanization, showing the company's willingness to organize its methodology and efficiency.

In 1965, with the nationalization of Syria, Khalil Fattal et Fils joined forces in Beirut under the motto "Unity is Strength."

In 1966, KFF was endowed with a Management Committee, signalling a change in the direction of shared responsibilities.

In the late sixties, the Lebanese market was developing rapidly and consequently, new needs arose. KFF, working at full capacity, began importing new products and distributing on a national scale.

In 1975, the outbreak of war caused the company to lose its headquarters and be left only with its human resources and faith. Through
temporary office rentals and no visible infrastructure, the company persisted and distribution was ensured despite numerous obstacles.

In 1977, with the political situation more or less stabilized, the company relocated to Sin-El-Fil and warehouses and branches were set up throughout the territory.

1978 saw the establishment of the Assembly of Directors which has supreme decision making power and its own statutes.

In 1985, the company was reorganized and the distribution and marketing aspects of the business were carried out through twelve subsidiaries. KFF was transformed into a Service Company, acting also as a Group Bank.

In 1987 with inflation increasing at a fast pace, consumer purchasing power was highly affected. The Group reacted quickly and shifted to more accessible products.

In January 1990, the military situation forced KFF to move their headquarters, but one year later, they returned.

Presently, with newly restored peace, KFF is growing locally and regionally, determined to lead in the field of distribution and marketing of fast-moving consumer goods. This requires an efficient structure with a market-driven approach and the ability to recognize customers' needs and deliver appropriate products and services accordingly.
INTERVIEW WITH MR. NABIL BOU-MALHAM, MANAGING DIRECTOR OF STRATEGIE TRADING COMPANY.

Questions posed to interviewee:

1- How do you perceive the Lebanese market-place in terms of the business environment?

2- What is STC's reputation or position in the market environment? How is its position affected by its connection to Fattal Holding Company?

3- What impact does advertising have on the consumer market?

4- What policies do advertising agencies abide by in order to keep up with the changing and advancing market needs?

5- How does the difficult economic situation in Lebanon affect the business and market environment?
6- How does this economic situation affect STC?

7- What did STC and similar companies do to overcome the difficult situation to survive during periods of turmoil?

8- How do you think that STC can maintain its position and even its growth given the unstable economic situation and limited resources?

9- What are the primary marketing goals and objectives that STC has set out to accomplish? How do these goals relate to the philosophy of the company?

10- What main strategies and methods are used in order for STC to accomplish these goals and objectives?

11- What are STC's financial objectives? What methods or strategies are being used to meet these objectives?

12- How does STC maintain a healthy internal environment, i.e. What are the business development objectives that it uses in order to maintain a healthy internal system? What criteria must be met in order to accomplish this?

13- What, in your opinion, are the main opportunities and threats that face STC? Why is it important to be aware of them?

14- What must STC do in order to identify these major opportunities and threats?
15- What, in your opinion, are the major strengths and weaknesses of STC within the business environment? Why is it important to be aware of them?

16- How does STC identify these strengths and weaknesses?

17- Give me some background information on each of STC's primary products or product lines.

18- What are the main characteristics of each product?

19- In what stage of the product life cycle is each of STC's products or product lines?

20- What are the strengths and weaknesses of each product or product line?

21- Each product line consists of individual products or items. What items do STC's major product lines consist of?

22- What are the strategic objectives of the product that STC has set out to accomplish?

23- What are STC's promotional objectives for the products and product lines?
24- STC has prepared a strategy for each of its product lines in order to achieve its strategic, promotional, and advertising objectives. What are these strategies?

25- How does each strategy accomplish the goals and objectives set for the individual product lines in terms of distribution, display, advertising, and promotion?

26- Is this marketing strategy effective? Does this strategy correlate properly with the products themselves, the competitors, and the economic and business environment?

27- Are certain products sold only to specific target markets? If so, which products require a segmented target market and how are the markets segmented?

28- How, in your opinion, do you describe the Lebanese market environment for each product in terms of:
   a- Competition
   b- Lebanese trade points of sale
   c- The Lebanese consumer

29- Given your knowledge about the Lebanese environment, what can you predict for each of STC's products next year in terms of:
   a- The political situation
   b- The economic situation
   c- The media
30- What factors are considered when determining the prices of each of STC's products. What problems does STC face when setting these prices?

31- What are some of the pricing strategies that company's use?

32- What are the primary pricing objectives that STC hopes to attain?

33- Does STC always succeed in setting prices at the correct rate for all its products? Why or why not?

34- What are STC's pricing policies and goals for the year 1994 in terms of sales growth, market share, revenue, and quality control?

35- What factors influence the consumer's demand for STC's products?

36- What market strategies do STC's competitors utilize and how does STC compete with them?

37- Are their strategies and objectives similar to STC's?

38- Due to heavy competition in the market-place, STC must formulate strategies to maintain or increase market share in the face of heavy competition. How does STC accomplish this objective with each of its products or product lines in terms of marketing, advertising, and promotion?
39- How does STC differentiate itself from competitors in terms of product lines, image promotion, or even personnel? Do these differences give STC a competitive edge?

40- STC has many competitors, each seeking to establish itself as the market leader and attempting to gain market share and profitability. What are some other objectives STC's competitors are seeking to achieve?

41- All products in the market, including those distributed by STC, have both good and bad qualities. All products can do with improvement or modification. What are some of the strengths and weaknesses products in terms of:

   a- Inventory (Stock Availability)
   b- Display
   c- Distribution
   d- Price
   e- Quality
   f- Packaging
   g- Promotion
   h- Sales team and other employees involved in sales
   i- Knowledge of the market.

42- STC must prepare a different pricing method for each of its products, depending on the target market, product quality, product awareness, and competition. What are STC's pricing methods for its main product lines? Why were they chosen specifically?
43- Why do producers and suppliers use distributors and agents such as STC rather than marketing and distributing their own products in the marketplace. How effective is STC's distribution in terms of shipping the right products in the right amounts to the right places?

44- The market channels in the distribution system consist of different functional areas. What are these activity flows and how do they facilitate the distribution process?

45- What is the function of the distribution channel manager?

46- Is the distribution system monitored continually? Why or why not?

47- STC retains a salesforce that is under your direct control. How many salespeople are assigned to each of the distribution territories? What is each employee's function?

48- Is STC aware of outside environmental developments? Why or why not? If so, how does the firm adapt to the ever-changing environment?

49- What are the primary characteristics of any sales promotion? What intent does STC have when it carries out a promotion?

50- What is the main function of STC's promotion department?
INTERVIEW WITH Mr IZZAT EID, SALES MANAGER OF STRATEGIE TRADING COMPANY.

Questions posed:

1- What is STC's position or reputation in the market environment? How is its position affected by its connection to Fattal Holding Company?

2- What is the image that Fattal Holding Company portrays in the marketplace?

3- How does the difficult economic situation in Lebanon affect the business and market environment?

4- How does this economic situation affect STC?

5- What did STC and similar companies do to overcome the difficult situation and survive during periods of turmoil?

6- What are STC's financial objectives? What methods or strategies are being used to meet these objectives?

7- STC has prepared a strategy for each of its product lines in order to achieve its strategic, promotional, and advertising objectives. What are these strategies?
8- How does each strategy accomplish the goals and objectives set for the individual product lines in terms of distribution, display, advertising, and promotion?

9- What factors influence the consumer's demand for STC's products?

10- Competition is a big threat to companies such as STC, therefore steps must be taken to learn about competitors in order to fight them strategically. How does STC identify its competitors?

11- What companies and products compete with STC?

12- Due to heavy competition in the market-place, STC must formulate strategies to maintain or increase market share in the face of heavy competition. How does STC accomplish this objective with each of its products or product lines in terms of marketing, advertising, and promotion?

13- How does STC differentiate itself from competitors in terms of product lines, image promotion, or even personnel? Do these differences give STC a competitive edge?

14- The physical distribution of products is made up of many activities that must be accomplished. How does STC transport and ship its goods regionally and internationally?

15- What type of warehousing facilities does STC have for its product inventories? Where are these warehouses located?
16- How do the other distribution functions operate and how efficient are they in facilitating the distribution process in terms of:
   a- Package-testing
   b- Order-getting
   c- Order-processing
   d- Market forecasting

17- Why do producers and suppliers use distributors and agents such as STC rather than marketing and distributing their own products in the marketplace? How effective is STC's distribution in terms of shipping the right products in the right amounts to the right places?

18- The market channels in the distribution system consists of different functional areas. What are these activity flows and how do they facilitate the distribution process?

19- What is the function of the distribution channel manager?

20- Is the distribution system monitored continually? Why or why not?

21- How effective is personal selling relative to promotions and other means of generating awareness and sales?

22- How can a salesperson be effective and efficient? What must he or she know in order to succeed in selling?
INTERVIEW WITH MR GABY PHARAOUN, SALES SUPERVISOR OF STRATEGIE TRADING COMPANY.

Questions posed:

1- What is STC's position or reputation in the market environment? How is its position affected by its connection to Fattal Holding Company?

2- What is the image that Fattal Holding Company portrays in the marketplace?

3- As a field supervisor, you are exposed to the market on a daily basis. How do you evaluate STC's competitive advantages and disadvantages vis-à-vis competitors?

4- Each product line consists of individual products or items. What items do STC's major lines consist of?

5- Give me some background information on each of STC's primary products or product lines.

6- What are the main characteristics of each product?

7- In what stage of the product life cycle is each of STC's products or product lines?
8. What are the strengths and weaknesses of each product or product line?

9. STC retains a salesforce under the control of the Managing Director. How many salespeople are assigned to each of the distribution territories? What is each employee's function?

10. How does STC ensure that the employees are satisfied and are encouraged to state their problems or make suggestions for improvement?

11. What types of customer-oriented sales promotions does STC take part in? How effective are these promotional tools?

12. How effective is personal selling relative to promotions and other means of generating awareness and sales?

13. How can a salesperson be effective and efficient? What must he or she be knowledgeable about in order to succeed in selling?
INTERVIEW WITH Miss NAJWA SFEIR, MARKETING AND RESEARCH DEPARTMENT OF STRATEGIE TRADING COMPANY.

Questions posed:

1- How do you perceive the Lebanese market-place in terms of the business environment?

2- What is STC's position or reputation in the market environment? How is its position affected by its connection to Fattal Holding Company?

3- How does the difficult economic situation in Lebanon affect the business and market environment?

4- How does this economic situation affect STC?

5- How do you think that STC can maintain its position and even its growth, given the unstable economic situation and limited resources?

6- How does a firm like STC determine the needs of the market and how to satisfy them?

7- What, in your opinion, are the main opportunities and threats that face STC? Why is it important to be aware of them?
8- What must STC do in order to identify these major opportunities and threats?

9- What, in your opinion, are STC's major strengths and weaknesses within the business environment? Why is it important to be aware of them?

10- How does STC identify these strengths and weaknesses?

11- What are the strategic objectives of the product that STC has set out to accomplish?

12- What are STC's promotional objectives for the products and product lines?

13- What marketing strategies are used for differentiating and positioning the product lines marketed in Lebanon?

14- Are certain products sold only to specific target markets? If so, which products require a segmented target market and how are the markets segmented?

15- What factors influence the consumer's demand for STC's products?

16- Competition is a big threat to companies such as STC, therefore steps must be taken to learn about competitors in order to fight them strategically. How does STC identify its competitors?
17- What companies and products compete with STC?

18- All products in the market, including those distributed by STC, have their good and bad qualities. All products can do with improvement or modification. What are some of the strengths and weaknesses of STC's competitors' products in terms of:
   a- Inventory (Stock availability)
   b- Display
   c- Distribution
   d- Price
   e- Quality
   f- Packaging
   g- Promotion
   h- Salessteam and other employees involved in sales
   i- Knowledge of the market

How can they be improved or modified?

19- What kind of marketing research activities does STC perform to obtain information about current and potential customers?

20- Do you feel that the marketing strategy is efficient and effective? Is it appropriate for the stage of the product life cycles, competitors' strategies, and economic situation?

21- Is STC aware of outside environmental developments? Why or why not? If so, how does the firm adapt to the ever-changing environment?
22- When implementing a full-scale promotional program, a firm seeks to communicate a certain message to specified target audiences. The three important goals of communication are:
   - Awareness
   - Knowledge
   - Preference

Can you explain how these objectives apply to STC's product lines and how successful the company is in achieving them?

23- As a marketing officer, you are aware of the market and all of its segments. Some products cannot be sold to the public as a whole, so the market must be segmented with certain groups targeted for the product or products.

a- How is market segmentation applied?

b- What image must a company project in order to meet the expectations and gain the awareness of the target audience?

24- How does STC segment the market for its major product lines? Who are their principal targets?

25- Given competition in all its aspects; marketing, distribution, and promotion expenditures, how does STC determine its promotional budget. According to what criteria does the promotion budget vary?
26- What forms of media exposure are available to STC? What types of advertising does STC take part in?
INTERVIEW WITH Miss DESIREE AKIKI, PROMOTION DEPARTMENT OF STRATEGIE TRADING COMPANY.

Questions posed:

1- What are the promotional objectives that STC has set out to accomplish for its products and product lines?

2- STC has prepared a strategy for each of its product lines in order to achieve its promotional objectives. What are these strategies?

3- How does each strategy accomplish the goals and objectives set for the individual product lines in terms of promotion?

4- When implementing a promotional program, what factors should be taken into consideration?

5- Is STC aware of outside, environmental developments? Why or why not? If so, how does the firm adapt to the ever-changing environment?

6- What objectives does STC seek to achieve when conducting any one of its promotional programs?
7- When implementing a full-scale promotional program, a firm seeks to communicate a certain message to specified target audiences. The three important goals of communication are:
   a- Awareness
   b- Knowledge
   c- Preference

Can you explain how these objectives apply to STC's product lines and how successful the company is in achieving them?

8- Who is involved in creating and implementing the promotional program? What are the promotion objectives, and is the promotional campaign sufficient to reach the firm's objectives?

9- What are some of STC's promotional activities that are conducted for Musar Wine, K.D.D. Juice, Bahlsen Biscuits, Passport Whisky, and Lindt Chocolate? According to what criteria are these activities selected?

10- What are the means of communication used to reach target markets in the most efficient way possible? How do these channels operate? What channels of communication offer optimal results given the budget, the approach, and the frequency combinations?

11- Given competition in all aspects; marketing, distribution, and promotion expenditures, how does STC determine its promotional budget? According to what criteria does the promotion budget vary?
12- What is STC's promotional mix composed of? How does the company design its promotional mix?

13- What does STC try to achieve when advertising its products? What specific messages does it try to get across and to what audiences are they targeted towards?

14- What are the primary characteristics of any sales promotion? What intent does STC have when it carries out a promotion?

15- What is the main function of STC's promotion department?

16- How is a promotion planned and carried out?

17- What types of customer-oriented sales promotions does STC take part in? How effective are these promotional tools?

18- How effective is personal selling relative to promotions and other means of generating awareness and sales?

19- How are promotions evaluated? How does the firm measure the results of any given promotion? How does the firm use the information gained from the promotion evaluation? How effective is this process for the company?
INTERVIEWS WITH STC SALESTEAM: MEMBERS OF THE SALESTEAM:
MARTHA NJEIM, AND IMAD BOUSTANY.

Questions posed:

1- How do you perceive the Lebanese market-place in terms of the business environment?

2- What is STC's image in the market? How does it relate to Fattal Holding Company's reputation?

3- What impact does advertising have on the consumer market?

4- How effective is personal selling relative to promotions and other means of generating awareness and sales?

5- How can a salesperson be effective and efficient? What knowledge must you obtain in order to be successful in selling?
INTERVIEW WITH Mr. NABIL ISKANDAR, PERSONNEL MANAGER AT FATTAL HOLDING COMPANY.

Questions posed:

1- How does STC maintain a healthy internal environment, i.e. What are the business development objectives that it uses in order to maintain a healthy internal system? What criteria must be met in order to accomplish this?

2- As the personnel manager, you must receive many complaints as well as suggestions for improvement. How do you provide this for your employees? Is there a specific time set for problems, opinions, and open discussions? If so, how is this accomplished?
INTERVIEW WITH Mr. JOE AYOUB, INTERMARKETS ADVERTISING AGENCY.

Questions posed:

1- What impact does advertising have on the consumer market?

2- What policies do advertising agencies abide by in order to keep up with the changing and advancing market needs?

3- What advertising objectives have been set for STC's product lines?

4- What are the means of communication used to reach target markets in the most efficient way possible? How do these channels operate? What channels of communication give optimal results given the budget, the approach, and the frequency combinations?

5- What does STC try to achieve when advertising its products? What specific messages does it try to get across and to what audiences are they targeted towards?
INTERVIEW WITH Mr GEORGES GEORGES, STRATEGIE TRADING COMPANY'S UNIT MANAGER FOR BEVERAGES.

Questions posed:

1- What factors are considered when determining the price of each of STC's products? What problems does STC face when setting these prices?

2- What are some of the pricing strategies that companies use?

3- What are the primary pricing objectives that STC hopes to attain?

4- Does STC always succeed in setting prices at the correct rate for all its products? Why or why not?

5- What are STC's pricing policies and goals for the year 1994 in terms of sales growth, market share, revenue, and quality control?
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