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The Retailing Business:
A Comparative Analysis between Leading Retail Firms in
Lebanon, within the supermarkets channels

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*Submitted in partial fulfillment of the requirements for the Degree of Master
in Business Administration*

*Lebanese American University
Beirut*

July, 2006

**LEBANESE AMERICAN UNIVERSITY
BEIRUT-LEBANON**

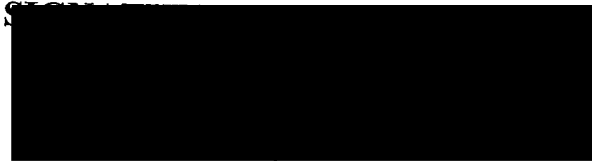
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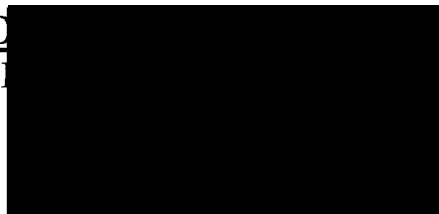
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Abstract

This research is an observation research based on secondary data and some primary data defining the retailing business in Lebanon. In other words this project looks at the retail sector that has been growing from year to year in the Lebanese market as well as regionally and internationally, more specifically the supermarket line.

The literature surrounding the topic defines at the beginning the concept of the retail business. The factors related to the expansion of this business in the region and in Lebanon will then be explained in details.

This research study presents the findings about the leading supermarkets in Lebanon scanning with many variables. The purpose of this study is to rate each supermarket along every dimension: layout, number of cashiers, offers & promotions; in addition to the following categories of products: Fish, meat, fruits and vegetables, and dairy products.

The retailing business in the region and in Lebanon will be discussed in details. All research questions included in the questionnaire have been tested for statistical significance and some descriptive analysis has been done, with respect to various demographic variables like "gender", "age", "status", "level of income", and "level of education".

Various results of "T-test" and "one-way analysis of variables" have been presented in various tables.

Acknowledgements

I would like to take this opportunity to thank the people who have helped me in writing up this research by showing me the right direction and giving me assistance in every possible way.

First of all I would like to thank my advisors who assisted me through out this study and helped me over come many of the difficulties I faced during the study.

Thanks to the Librarians who always helped me with finding the right books for my research. I also would like to thank all my fellow students.

Finally, particular gratitude goes to my family, friends for all their support, help, and co-operation.

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BRIEF INTRODUCTION

“Lebanon’s retail sector has steadily been building itself up to compete with the region’s reigning shopping destinations since the post-war reconstruction projects took off, rapidly evolving along international retail trends”. (1)

“Despite being a relatively expensive country with high income disparities resulting in low discretionary spending power, the retail sector has benefited from the economic growth and rising living standards that have occurred over the past decade. Lebanon’s gross domestic product grew from \$9.1 billion in 1994, to \$21.8 billion in 2004, the equivalent of \$4,700 per capita, which is the highest among the region’s non-oil-producing countries.” (2)

“Adding to a relatively strong domestic retail market is Lebanon’s long-standing position as the commercial platform between Europe and the Middle East and the growing tourism industry. Lebanon generates the largest share of tourist spending in the region, having secured the bulk of Arab tourists reluctant to vacation in Western countries following 9/11.” (3). This explains why the retail sector represents a major component of the local economy, according to some assessments, as much as 30% of domestic GDP.

In general, “developers tend to focus on three categories of retail venues: large shopping malls or retail areas, such as the upcoming Souks of Beirut; smaller-scale malls,

such as the 40,000m² ABC in Ashrafieh area, Beirut; and the revival of buzzing retail areas, such as Hamra street.

Some of the major projects which will significantly expand the city's shopping space area are the 50,000m² Beirut Mall in Chiyah, scheduled to open its doors in September 2006, and the V5 mall, a 52,000m² shopping area in Verdun expected to be ready by 2008.

The pace at which retail development is evolving in the Middle East has no comparisons as, particularly in the UAE, we see a move from energy to a services and leisure economy.

Lebanon is just beginning to re-emerge into its past glory as the Switzerland of the Middle East and Beirut's retail space is expected to nearly double over the next 3 years from the present 6.6 million sqft." (4)

Finally as I will show that some factors like booming economic conditions, population growth, tourism promotion, political stability and the free market economic policies of the government have created an investor-friendly environment.

CHAPTER ONE

1.1 Introduction

The purpose of this study is to describe the retailing business in Lebanon. Specifically, the study compares between the supermarkets in Lebanon and their market share. All leading supermarkets will be analyzed in all the categories: Fruits and vegetables, meat, fish, and dairy categories.

“The retail sector weathered the storm of 2005 through a mid-year pick-up in tourism and by launching promotional campaigns. While retail growth depends on sustained calm, Beirut could yet be a regional retail hub.” (1)

Finally, the best tool that helps us understanding better the subject and lets us test the preference is the survey. This business research tool can make us approach to the real consumer behavior in a sample organization and on specified population who are the target market of this sector. The data will be taken from primary and secondary sources.

1.2 Statement of the problem

The problem of comparing leading retail firms in Lebanon is not an easy one. Six leading competitive supermarkets will be compared in different dimensions, and therefore, to rate each one of them in the Lebanese market.

1.3 Research objective

- 1- The applied research tends to show how aware the consumers are of every supermarket.
- 2- The factors that influence consumers to select a supermarket in order of importance.
- 3- Who is the leader in terms of higher market share, consumer satisfaction, and products variety, neatness, and organization.

1.4 Statement of the hypothesis

The study attempts to examine the retailing business in the region in addition to comparing the leading firms.

This will lead us to understand the subject with all its sites. Study of such thesis will be supported by discussing some examples and the comparing few big names in the retail business in the market and specifically in the Lebanese market, assuming that these names are the leaders. Thus, the following is hypothesized.

While retail growth depends on sustained calm, Beirut could yet be a regional retail hub. Monoprix and Spinney's are the leaders, followed by Bou Khalil, Geant Casion, COOP, Aoun, and Metro.

Surveys and interviews are conducted to test this hypothesis and the results will be shown in various tables.

NOTE: See appendix (for questionnaire)

1.5 Purpose of the study

The primary purpose of this study consists of studying consumers' behavior i.e. usage and attitudes toward supermarkets in terms of supermarket awareness, retention, adoption, selection drivers, likeability, preference, satisfaction and loyalty along with frequency of shopping and average spending on different categories.

Moreover, a key objective consists of qualifying and dressing the profile of the retailing market in the region, especially in Lebanon.

Thus such research could help new entrants in the market to make decisions regarding what products should they sell, and who are their competitors.

CHAPTER 2

2.1 Retailing Business in the Region

In this section we will start by the retailing business in general and then go deeper to the supermarkets channels.

Before starting we would like to define the Middle East in geographic terms as there was some argument about the definition of the region. An analysis of the region's political, economical and business prospects for 2001 by the Business Middle East (2000) included the following countries: Algeria, Bahrain, Egypt, Iran, Iraq, Israel, Jordan, Kuwait, Lebanon, Libya, Morocco, Oman, Qatar, Saudi Arabia, Syria, Tunisia, Turkey, United Arab Emirates and Yemen.

The Middle East high population growth rates and extraordinary growth in food service and retail in many countries, has a massive potential as a trading region.

“There has been a great deal of change in retailing in the region over the past 20 years and it is now highly dynamic and diverse. The shopping malls are increasing in size and sophistication, although it is believed that they could be now reaching saturation level. The Gulf region for example had 150,000 m² of mall space in 1985, and this has risen by approximately 570% to 1,000,000 m² by the end of 1990s. In the last three to five years some of the largest developments have been in the Middle East.

The Middle East is currently proving an attractive destination for retailers, with many sectors now being represented in the region's market

“The Middle East is a growing, lucrative marketplace that has recently captured the interest of the world for political as well as economic reasons due to the War in Iraq,

which began in 2003. Usually in the companies in the Middle East, managers and employees of family-owned businesses behave in ways similar to those in Western countries; however, there are differences, probably related to cultural characteristics. The Middle East is a richly diverse region, a myriad of unique cultures. As the market becomes more sophisticated, the importance of service quality increases.” (5)

The Middle East has proved an attractive market for European and US companies, with hotel developments, fast food outlets and retail outlets being seen in the major cities of the region.

“The food service market is really growing rapidly, particularly in Dubai (UAE) where there is extraordinary growth in the hotel industry with 200 new hotels expected within 5 years. This provides an excellent opportunity for food companies, particularly with well developed air and sea freight services into Dubai.

Consumption of processed foods is increasing, currently accounting for 15-20% of consumption (in Turkey). The largest market for processed foods in the region is Saudi Arabia, where 80% of retail food sold is imported and ‘consumer ready’. It is expected to increase further, as 70% of the population is under 30 years of age.

Middle Eastern consumers are increasingly relying on supermarkets and hypermarkets for food purchases. They now account for nearly 50% of all food retail sales in the UAE, 42% in Turkey and 60% in Israel. Supermarket and hypermarket openings are increasing across the region, including European chains such as Carrefour and Middle East based chains such as Spinneys.

Retail styles include hypermarkets and supermarkets, smaller convenience stores and traditional stores called bakalahs (groceries). Consumer Co-operatives in various formats are also common and growing, particularly in Kuwait. Investment from European supermarket chains is also growing, particularly where populations are high, such as Turkey and Egypt. This is coming at the expense of bakalahs and is changing the associated distribution channel. Lebanon, being a small country, supermarkets there are close to everybody where people can take their kids as an outing. But still, groceries, with their flexibility in paying and their convenience, make of a true shopping place on which housewives rely a lot. ” (6)

Market entry into the Middle East is improving. Current barriers, such as laws on food additives, high tariffs and the prohibition of processed foods are reducing. GCC countries are harmonizing their import protocols, particularly in relation to food additives, and WTO entry for countries such as Egypt and Jordan have guaranteed tariff reduction over the long run. Even countries such as Iran are showing signs of allowing imports other than strategically important staple foods. “Turkey, however, has replaced high tariffs with strict quarantine controls, but entry into the EU should improve transparency of the import system.” (7) “There is a need for exporters to pay particular attention to halal requirements, restrictions on alcohol and food additives, product labeling requirements, product testing turn around times and specific documents needed for importation.” ” (6)

“The Middle East remains a particularly well developed market for commodities (e.g. wheat and milk powder) and live sheep and cattle. In some countries such as Iran and Iraq, few opportunities exist other than commodities. Growth markets exist in fresh

and processed foods for the food service and retail markets particularly fresh and frozen meat, fruit and vegetables and specialist dairy products such as cheese and ice cream. Seafood opportunities are limited to gourmet products, like lobster in Israel (which does not trade with most of its neighbors).” (8)

The Middle East is a complex mix of nations which are demographically and geographically very different; Oil rich and poverty stricken, conservative and liberal, sparsely populated and crowded, fertile and desolate, war-torn and tranquil. The definition of the ‘Middle East’ includes Bahrain, Iran, Iraq, Israel, Jordan, Kuwait, Lebanon, Oman, Qatar, Saudi Arabia, Syria and the United Arab Emirates (UAE). A wider definition of the region may include Egypt (North Africa) and Turkey; and Cyprus is also sometimes included; The UAE stands out as the nation with a small population, low population of nationals, but the second highest value of imports in 2003. A rich history, a historic inclination to trade and the existence of many ethnic and religious groups are common elements between most of these Middle Eastern nations.

While Middle Eastern nations earn a significant amount of their GDP through oil exports, refined petroleum products and natural gas export are also big earners. “Textiles are also important to the economies of Iran, Syria, Turkey, Lebanon and Oman. Agricultural fertilizers, chemicals, metals are important to many of the Middle Eastern countries’ export earnings. Food manufacturing is generally a minor export industry in the region, except for sugar manufacturing in Iran and flour milling in Turkey and the UAE.” (9)

The composition of the population in the Middle East has a significant influence on buying patterns. This particularly applies to the Gulf nations (10) with the UAE, Qatar and Kuwait having more than 50% of the population as foreign nationals. Many of these are foreign workers for the booming hotel construction industry and not important to the high value food service or modern retail markets. However food consumption trends will be influenced by a rise in tourism, numbers of western ex-patriots and retail investment. The development of supermarket and hypermarkets in the Middle East will provide an opportunity to present new Western products to consumers. There are in excess of 60 such chains across the entire region.

“In the UAE, supermarkets of various formats still number less than convenience stores, but they now account for nearly 50% of all food retail sales (USDA, 2003a). The USDA also reports that hypermarket openings increased 150% in 2003 and superstore and supermarket openings by 15% and 12.5% respectively.

There is a strong trend towards consumption of imported ‘consumer ready’ products, making up 75-80% of retail food sold in the UAE (USDA, 2003a) and 80% in Saudi Arabia (USDA, 2004d). Consumption of processed food in Saudi Arabia is likely to continue to grow in the long term due to a young population (70% under the age of 30) who prefer Western style foods (USDA, 2004d). Only five to seven million people in Turkey regularly shop in modern retail outlets and processed food makes up 15-20% of consumption. There were over 4000 supermarkets in 2002, 150 of these hypermarkets (USDA, 2004b). Market share of supermarkets and hypermarkets in Turkey is expected to increase from the current 42% to over 50% by the end of 2005, despite the 2001

currency crisis. The strong trend towards hypermarkets is also occurring in other Middle Eastern nations.” (10)

According to Retail International (2004), those nations currently planning new or additional hypermarkets development are Bahrain (Carrefour), Saudi Arabia (Al Panda), Egypt (Carrefour) and Lebanon (Spinneys).

“The other growth market (currently at 15% of sales) is co-operatives (USDA, 2003a). They are growing due to support of UAE nationals and other Arabs and also due to government support. The co-operative format is also popular in Kuwait where it holds 70% of food retail market share (USDA, 1999b).

With over 200 new hotels planned in the UAE in the next 3-5 years (Gulf News, 2004) and other (albeit more modest) hotel developments planned for the Gulf States of Kuwait, Oman, Qatar and Saudi Arabia, consumption of hotel meals will increase, therefore boosting the food service sector.

There is evidence of a growing awareness of Western concepts such as organic, clean, green, safe, ethical and traceable production, (Department of Primary Industries, 2004) but more advanced countries such as the UAE are still 10 years behind Europe in demanding these food attributes.” (11)

The above overview of the retailing business makes it clear that it is very developed in the Middle East, especially in Dubai, Saudi Arabia, and Lebanon.

2.2 Country Retail Report

I would like to mention also that the Lebanese retail market is concentrated in Beirut and its northern suburbs, which were massively developed during the war years when the center was transformed into a no-man's land and Hamra lost its cosmopolitan clients. According to Cushman & Wakefield Healey & Baker, Prime Beirut retail rents are significantly below those found in key European and American markets and still lower than some locations in central European markets such as Budapest and Prague. The retail market in Lebanon is witnessing a major transformation.

With the opening of large supermarkets, shopping malls and international retail chains, shopping patterns are shifting away from scattered retail stores.

Food retailing, on which our study is based, in Achrafieh mutated more recently (2002-2003) with the opening of major international chains (Spinneys and Monoprix), Beirut large local and international chains on major peripheral roads and highways (ABC-Dbayé, Spinneys-Dbayé, BHV/Monoprix-Jnah, Spinneys-Jnah, BouKhalil-Mkalles, Boukhalil-Baabda, Carrefour/BHV/Geant- Dora).

CHAPTER 3

3.1 Over view Of Retail Market In Lebanon

The market selection process includes such factors such an economic profile, comparison with other retailers, and space availability. It is very hard to compare which market is bigger and more profitable. The retail market is very large. Before the war, Beirut provided the best business centers for local and international companies. Although Lebanon is now evolving towards regaining part of its importance as a preferred office location, it has lost its position as a hub and is still lagging behind other regional locations such as Dubai in offering a superior environment for businesses, especially in telecommunications and other infrastructure.

In our opinion, the Lebanese commercial market sector is still correcting due to the oversupply of previously built office space and the competition from better performing regional hubs such as Dubai. "The unprecedented planned construction of large malls, adding around 500,000 m² of shopping space, will lead to increased competition for market share. Location remains the capital factor driving the success of any retail developments. Beirut offers a variety of prime locations for retailers. Accessibility also plays a major role in determining the optimal location of any new retail development. "(12)

Two other main locations, Verdun and to a lesser extent Achrafieh, have also established themselves as leading shopping destinations. Verdun has seen the

development of small shopping malls, restaurants and businesses. Achrafieh, on the other hand, remained the favored location of smaller, independent, family owned shops until the opening in late 2003 of the ABC mall, which is expected to change the shopping scene of the neighborhood.

Food retailing in Achrafieh also mutated — first with the opening of leading supermarkets (St-Elie, Le Charcutier) and more recently (2002- 2003) with the implementation of major international chains (Spinneys and Monoprix). But Jnah Dora and Dbayeh are the main locations for supermarkets, where Spinney's exist in both, Monoprix in the first and Geant Casino in the last.

As a conclusion, the Lebanese residential market sector has bottomed and is starting a recovery, led by the strong demand for up-market residential apartments in Beirut, particularly by Arabs and Lebanese expatriates. The Lebanese commercial market sector is still correcting due to the oversupply of previously built office space and the competition from better performing regional hubs such as Dubai. On the other hand, the retail sector is strong and steady, and witnessing a major transformation with the opening of large supermarkets, shopping malls and international retail chains.

3.2 Retailing Business in Lebanon

3.2.1 A rapidly evolving sector

Lebanon offers a wide array of business advantages: strategic geographical location, free market economy, investment guarantees, liberal financial environment, developed and non-discriminatory legal framework, untapped investment opportunities,

moderate tax rates, qualified human capital, expanding infrastructure, and unique living environment.

Lebanon benefits from a well-developed legal system, providing investors with a sound and secure basis for their businesses and projects.

The retailing sector in Lebanon showed significant improvement in terms of asset growth, as well as in terms of profitability.

3.2.2 Lebanon's potential as a retail hub

Lebanon is an international hub for trade, investment, finance, services and tourism. Free enterprise and private initiative are the drivers of the Lebanese economy, based on a long tradition of liberal investment policies. Trading facilities, banking and financial services make Lebanon the commercial center of the region.

Lebanon represents a point of entry to a large regional market encompassing major Arab countries and reaching into Iran, Eastern Europe, part of North Africa, and the southwestern former Soviet Union republics. This is why many regional trade shows are organized in Lebanon. Even major shows planned for other Middle Eastern countries are mainly promoted in and via Lebanon.

Most of the Lebanese expatriates, especially the communities settled in Africa, the Gulf States, and Europe maintain commercial relations with their

motherland further expanding the markets that Lebanese could penetrate apart from the regional markets of the Middle East.

Lebanon is an importing country creating huge opportunities for international exporters. International exporters have entered the Lebanese markets mainly by participating in exhibitions held in Lebanon. With modern telecommunications, a new airport, expanding port facilities, and an ambitious road rehabilitation program, Lebanon's infrastructure is quickly becoming one of the best in the region.

A foreigner can acquire a business under the same conditions as a Lebanese person, on condition he requires residency, and work permit. Lebanon permits the existence of collective corporations and partnerships to either Lebanese or foreigners as joint stock, limited liability, limited partnership, limited partnership by shares, general partnership, co-partnership, holding, offshore, and joint-stock Corporation.

The Lebanese law, as regards commercial representation, presents a particular interest to foreign businesses or companies since most of such agreements of commercial representation are concluded between foreign companies acting as "principals" and Lebanese traders as "agents." Most "principles" find their "agents" during specialized trade shows and exhibitions held in Lebanon.

3.3 Market Overview

“Shoppers in the Middle East should relish 2006. Not so much for yet more mega malls of even larger proportions, about which they may rightly have become blasé, but for something more mundane. And this is about choice and competition.

Hypermarket 10 years ago and enclosed shopping malls 25 years ago, a real choice is emerging for shoppers between the hypermarket brands that typically provide the main anchor – and only staple food offer – in the plethora of malls opening and planned across the region. This applies not just to the Gulf but across Saudi Arabia and into the Levant.

Although significantly less noticeable than the ever increasing mall size, this turn of events is likely to have as much impact on the pattern of retail spending since the opening of the first shopping malls in Dubai and Bahrain in 1980. So why should this be so?”

“For the next six or seven years Carrefour had a more or less free run, opening further outlets as anchors to their successful ‘City Centre’ format of shopping malls across the region or as free standing stores. Both Kuwaiti-owned Sultan Centre with outlets in Kuwait and Oman and Monoprix of France in Beirut offered a somewhat comparable proposal but failed to develop their activities further afield in the region. Prisunic, another French brand also featured but made little broad impact. Spinneys and Bahraini-owned Jawad, with their Tesco clone, provided two of the best examples of quality supermarkets but never really converted to full hypermarket status. The Spinneys brand since buy-out by local interests has developed its offer but this varies in size and range from territory to territory and thus lacks some overall conformity.

“The first sign of change, however, occurred with the opening of the first real contender for the position held by Carrefour in the Gulf. In 2001, the first Géant, from

Spinneys has a branch in Jnah serving the southern suburb, which opened one and a half year ago and is planning to open a new branch in Hazmieh, also a 10 minutes drive from Jnah.

Spinneys put emphasis on consumer products and fish. Spinneys had tried lots of methods of advertising and promotion, narrowing down variety of brands and extending private label. They settled down for competitive pricing on consumer products and fish. Their positioning nowadays is "Why pay more?"

Spinneys does not have a consistent way of advertising. They have previously used billboards, radio, TV and newspapers.

C. Géant Casino

The Beirut Géant, makes people come to City Mall, which is the first hypermarket-anchored regional size mall last quarter of 2004. "Comprising 118,400 sqft and 40 checkout counters, it is the largest store of its kind in Lebanon. Its local partner Admic has a strong retail track record as it also runs the successful Monoprix and BHV operations in Lebanon as well as being developer of City Mall." (6)

At one time, a carve up of the market between these two fierce French rivals seemed a possibility with neither venturing into each other's territory. All this changed, however, in the spring of 2005, when Géant opened its first store in Dubai, as food anchor at Ibn Battuta Mall, the first of the so-called new wave 'mega malls'.

Although no doubt long planned, it was announced that Carrefour would be anchoring Bahrain City Centre, the huge mall being developed in Manama by Majid Al Futtaim Investments (MAFI) within 'a stone's throw' of Bahrain Mall, home of the region's first Géant." (6)

D. Bou Khalil

Bou Khalil has its two first main branches in Baabda and Hazmieh. The southern suburb is its stronghold. He is the oldest in the area. That explains. Its uncontested leadership among residents of the south Eastren suburb.

Bou Khalil focuses on quality and value pricing. Its communication is poor and he is not doing very well in other regions. That is why Bou Khalil is expected to retaliate heavily against supermarkets entering his stronghold. Bou Khalil is very shy on advertising.

E. Charcutier Aoun

Charcutier Aoun is the second oldest supermarket in the East side of the southern suburb, Boulevard Camille Chamoun. Aoun is very well known in value pricing and attract usually middle and lower income households. Aoun is very aggressive in promotions.

F. Metro

Metro is the new kid on the block. It is located in Galaxy mall. In fact, Metro is the anchor of the mall, because the latter is not doing well financially. Metro, in a short period of time, 16 months, was able to attract upper middle and upper income households. It is known as the clean and easy shopping supermarket. Metro is putting a lot of emphasis on variety, meat, fruits/vegetables, fish and its loyalty card.

G. COOP

There is no doubt that COOPs are the most aggressive in terms of pricing among all key players. They are perceived to be the place for the limited income households and price sensitive consumers. However, they do not communicate and offer the whole variety of brands. They do not advertise at all.

3.4 Market Challenges

3.3.1 Trends & Developments

Beirut is hot, hip and happening, and the slogan for this year's Beirut Shopping Festival, "Four Seasons, All Reasons", sums up why shoppers should flex the plastic in Lebanon's capital. Not only is Beirut a home to the world's most luxurious brands, its 'après-shop' diversions – mountains, beaches, historic sites, food, wine and nightlife – all underscore Lebanon's growing reputation as the Middle East's premier playground and the No1 challenger to Dubai's title as the region's retail paradise.

"This shopping renaissance is in part due to the evolution of the Beirut Central District. Known affectionately as Solidere, or the Downtown, it is the country's new dining and retail hub and home to today's leading fashion and leisure names, such as Tod's, Gucci, Versace, Kenzo, Boss, Timberland, Springfield, Florsheim, Bang & Olufsen, Nike, Adidas and Mont Blanc. The jewel in the BCD fashion crown is the Aishti emporium, with its white hot range of designer labels – Prada, Burberry, Cerruti and Zegna, to name just a few. Equally impressive is the Virgin Megastore (the biggest

outside the UK), with its rooftop restaurant and four floors of CDs, DVDs, software, toys, books, musical instruments, gifts and magazines.”(15)

Jnah, in south Beirut, BHV the hugely popular French department store. BHV is appliance and home furnishings driven, selling the world’s leading brands in kitchens, bathrooms, electronics, and electrical goods as well as clothes, watches, bags and perfumes. It also has an extensive DIY section. Above BHV is Monoprix supermarket, another French institution, making the Jnah location an ideal one-stop shop. Following close on the heels of BHV and Monoprix is Spinneys, which recently opened a massive hypermarket.

For those staying in Verdun, it has three major malls – Dunes, Verdun 730 and Verdun 732 – and branches of Zara, Mango and GS (which sells Timberland, Polo, Boss and more). The Dunes shopping mall, with its fast-food restaurants, arcade and cinema, is ideal for family fun. The nearby, the old streets in Hamra district has a genuine high street feel and is an ideal destination for those who want to shop amid the hustle and bustle of Ras Beirut.

For those who want to take home some of Lebanon’s delicious gastronomic specialties, sweets such as baklawa can be bought from the famous Halab of Tripoli, which has branches in Beirut and throughout Lebanon. Those addicted to Lebanon’s famous pistachios and other roasted nuts can buy the best in the region from Rifai of Beirut, while the country’s increasingly popular wines can be bought from the major supermarkets and wine merchants.

3.5 Market Opportunities & Entry Strategy

A new market opportunity should be mentioned, which is the e-business. Many Retailers who are shifting from a "bricks-and-mortar" business to an Internet-powered business still face the challenge of determining how to capture or retain a leading market position. "Online retailing is only one element of the Internet's impact on this industry. Boosting operational efficiencies with Internet-based business processes is another that could have a dramatic impact on Retailers' competitive edge. Designing and building a Digital Business involves rethinking virtually every aspect of the retail business from infrastructure and business processes to the way retailers retain existing and win new customers." *(16)*

Key challenges Retailers most likely will face today are to design and build Digital Solutions that allow them to achieve: better, faster and more efficient Supplier Collaboration; More Effective information sharing on complex and rapidly changing products; proliferation and sharing of merchandising information to facilitate better, faster and more customer focused merchandising decisions.

Metropolitan City Center by the Habtoor Group from Dubai comprises the recently opened Metropolitan Place Hotel, the tallest in Beirut, and is to be connected by an upper-level pedestrian bridge to a separate site opposite of where the shopping mall is being built. Promotional material indicates that the retail will include 3 anchor stores, 61 retail shops, 2 family entertainment centers, 2 fast-food outlets, coffee shops and 5 intended to bring a critical-mass retail supply dedicated restaurants to the city centre.

Retailers can also now point to defined shopping periods: summer, Adha and Fitr. "Our boom periods are dictated by the Islamic calendar and to a lesser degree Christmas," explains Khalil Achkar, Global Refund's general manger in Lebanon. The company works in collaboration with the Ministry of Finance to refund VAT in return for a 1.85% handling fee. Global Refund operates VAT refund services in 35 countries across four continents. "We service more than 210,000 outlets and deliver ten million refunds globally," *(17)*

Moreover, Lebanon's shopping hours are very comfortable to tourists. They open from Monday to Saturday, 9am-6pm (some shops close at lunchtime on Saturdays). As for the currency, the country operates two currencies, the US dollar and the Lebanese pound (LL), which has been pegged to the former at LL1, 500 since 1993. Prices are officially in LL, but transactions can take place in both currencies. As many older \$100-dollar bills are often not accepted except by banks, it is advised to buy dollars in Lebanon, where banks will dispense bills endorsed with their own stamp. Plus, the exchange rate is often better. Most outlets accept the major credit cards.

CHAPTER 4

4.1 Research Design and Methodology

Included in the chapter is discussion of the population and research sample, a description of research instruments, research design, and the procedure for the statistical analysis of data.

The main objective of the research consisted of studying consumers' behavior i.e. usage and attitudes, towards supermarkets in terms of supermarket awareness, retention, adoption, selection drivers, likeability, preference, satisfaction and loyalty along with frequency of shopping and average spending on different categories.

Moreover a key objective consisted of qualifying and dressing the profile of the primary and secondary target markets.

4.1.1 Procedure

The target population was a random sample of the population residing within 10 to 30 minutes from Hamra. The sample was consisted of 100 respondents belonging to lower middle, middle, and upper social classes.

The availability of data is the most important factor in conducting a study. Taking this factor into consideration, the sample was asked specified questions that will lead to a conclusion about the leading supermarkets in Lebanon.

The main data collection involved the development of quantitative measures in the form of a survey questionnaire.

The wording of the questions used was simple and clear. We tried to avoid misleading and biasing questions; also estimates were avoided as well.

The main objective of the research consisted of studying consumers' behavior i.e. usage and attitudes, towards supermarkets in terms of supermarket awareness, retention, adoption, selection drivers, likeability, preference, satisfaction and loyalty along with frequency of shopping and average spending on different categories. Moreover a key objective consisted of qualifying and dressing the profile of the primary and secondary target markets.

4.1.2 Sample

Sample selection is a very important step in conducting research. Cooper and Schindler (2003) stated that the sample's merit determines the generalization of the results. Therefore, the most important criterion in this study's sample selection was the ability to increase the validity of the study's conclusions. The random sample procedure was employed in this study. In simple random sampling, every individual has the same probability of being selected and the selection of one individual in no way affects the selection of another individual. In other words, all individuals in the defined population had an equal and independent chance of being selected for the sample. The sample size represented 100 respondents, as we mentioned earlier, who agreed to participate.

4.1.3 Instrument

The questionnaire was designed in order to collect information about the variables to be included in the study such as the relation between the supermarkets

and the deferent variables like prices, layout, promotions, etc... For a sample of the questionnaire see appendix.

The questionnaire was divided into five parts. **The first part** of the questionnaire consisted of 4 questions. These questions deal with respondents' habits concerning preferred supermarkets. (e.g. "Name the Supermarket that comes share of mind, How much is your monthly expenditures in supermarkets).

The 2nd part of questionnaire is used to assess each super market, with respect to many variables: Layout & Design, Number of cashiers, Prices, Offers & Promotions, Fish, Meat, Fruits & Vegetables, and Dairy products. Moreover, it contains questions about the causes that influence consumers visit to a certain supermarket (e.g. Variety of products, Friends & relatives word of mouth recommendations, Prices, Coffee shops & restaurants, etc...)

The last part of the questionnaire includes demographic data regarding the respondents' age, gender, level of education, occupational status, marital status, household income, and main residence. The respondent here is asked to choose one answer of multiple choices questions.

Based on the normal distribution theory, the sample would deliver results varying within + or - 5% margin of error at 95% confidence level. Hence, an awareness score of 10% may vary between 5% and 15%.

4.2 Research Limitations

As mentioned earlier the current study used random sampling. Because of time restriction it is essential to realize that the research method used for this study may not be the best one *(18)*. Ideally we would prefer to have a sample with more diversified people. This would have been more consistent, reliable and less bias. Also the size of the sample is small and therefore cannot be considered representative to the population.

In other words, the main limitation of the study was the sample chosen, as all of it was from people in Beirut, therefore, most of them will be residents in Beirut, although lots of them may originate from the north or the south. The following limitations can be added to the above ones:

- The data will be collected by self-administered questionnaire, a method with well-known shortcomings, and the validity of results may be questionable.
- The performance measure will be based on self –evaluation and may have caused over-rating of performance scores.

Consequently the findings may not be generalized, but that would give an idea about Lebanese people and their preferences concerning supermarkets especially that most of the hypermarkets exist in Beirut and its suburban area, especially that the number of supermarkets is quiet large.

CHAPTER 5

ANALYSIS AND FINDINGS

In the past decade, supermarkets have spread rapidly in the low-income Mediterranean countries. Focusing on a comparison between retail supermarkets, this study examines retail growth and its impact on the economy. The following names are the leading firms in the retailing market: Monoprix, Spinneys, Géant Casino, Bou Khalil, Charcutier Aoun, Metro, and COOP.

5.1 Frequency Distribution

Frequency distribution is a set of data organized by summarizing the number of times a particular value of a variable occurs.

Here below are some frequency distributions of the demographic characteristics of the respondents. Some explanation reported under each frequency distribution.

Name the supermarket that first comes to your mind:

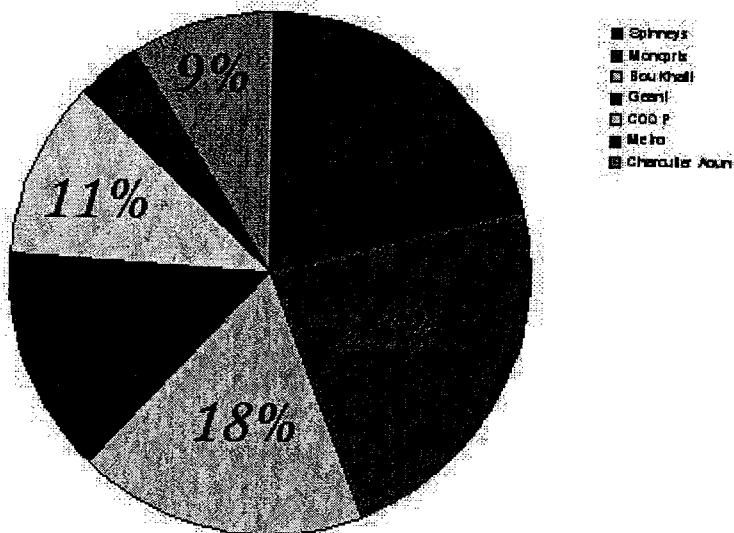


TABLE 1:**Frequency Distribution of Various Independent Variables****Name the supermarket that first comes to your mind:**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Spinneys	21	21.0	21.0	21.0
Monoprix	23	23.0	23.0	44.0
Bou Khalil	18	18.0	18.0	62.0
Geant	14	14.0	14.0	76.0
COOP	11	11.0	11.0	87.0
Metro	4	4.0	4.0	91.0
Charcutier Aoun	9	9.0	9.0	100.0
Total	100	100.0	100.0	

The above table presents the % of the respondents' first respond about the name of the supermarket that first comes to their mind. The 21% of the respondents said Spinneys, 23% said Monoprix, 18% Bou Khalil, 14% Geant, 11% COOP, 4% Metro, and the rest 9% said Cahrcutier Aoun.

TABLE 2:

How many times do you shop at a supermarket per week?

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid None-1 time	17	17.0	17.0	17.0
2 times	69	69.0	69.0	86.0
3 times	10	10.0	10.0	96.0
4 times	3	3.0	3.0	99.0
more than 4 times	1	1.0	1.0	100.0
Total	100	100.0	100.0	

The second question is presented by the above table, where respondents' were asked to estimate the number of times they shop at a supermarket per week. 17% replied that they shop around once, the majority which is 69% shop 2 times, 10% shop 3 times, 3% 4 times, and only 1% shop more than 4 times. This analysis sounds very reasonable, since going to the supermarket is timing consuming, and only people with few things to do in their lives go so many times.

TABLE 3:

How many supermarkets do you shop at in the same year?

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 1	18	18.0	18.0	18.0
2	11	11.0	11.0	29.0
3	52	52.0	52.0	81.0
4	8	8.0	8.0	89.0
5	9	9.0	9.0	98.0
6	2	2.0	2.0	100.0
Total	100	100.0	100.0	

In this third question, I wanted to find out the loyalty of customers towards supermarkets, so I asked them to state how many times they change supermarkets per year. The answer was shocking; most of them do not have loyalty what so ever. The table above shows that 18% are loyal, 11% change supermarkets twice per year; the majority that consists of 52% shop within 3 supermarkets; 8% among 4; 9% among 5; the rest, which 2%, shop between the six major supermarkets in Lebanon without any reference to any specific supermarket.

TABLE 4:

How much is your monthly expenditures in supermarkets?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	\$0-\$300	13	13.0	13.0	13.0
	\$301-\$500	62	62.0	62.0	75.0
	\$501-\$750	11	11.0	11.0	86.0
	\$751-\$1,000	9	9.0	9.0	95.0
	Above \$1,000	5	5.0	5.0	100.0
	Total	100	100.0	100.0	

When asking about monthly expenditures, some respondents comment that in addition to their expenditures in supermarkets, they also have the grocery shops and butchers around the corner where they do some shopping too. But, if specifying the expenditures in supermarkets only, the results were: 13% spend less than \$300; 62% between \$301 and \$500; 11% between \$501 and \$750; 9% between \$751 and \$1,000; and only 5% above \$1,000. This last figure is considered so low in a comparison between Lebanon and other countries, but still logical since the wages are so low.

TABLE 5:**Variety of products**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid disagree	5	5.0	5.0	5.0
neutral	4	4.0	4.0	9.0
agree	13	13.0	13.0	22.0
strongly agree	78	78.0	78.0	100.0
Total	100	100.0	100.0	

One of the major effects that attract people's attention in a supermarket is the variety of products offered by each supermarket. The table above shows that 78% strongly agree that the variety of products is very important for their retention as customers, 13% agree, 4% are neutral and don't care, 5% disagreed.

TABLE 6:**Commercial adverts / promotions in printed & TV media**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid strongly disagree	2	2.0	2.0	2.0
disagree	32	32.0	32.0	34.0
neutral	6	6.0	6.0	40.0
agree	38	38.0	38.0	78.0
strongly agree	22	22.0	22.0	100.0
Total	100	100.0	100.0	

Another factor affecting the interest of shoppers in a specified supermarket would be the advertisements and the promotions printed. We all like to see the advertisements and promotions that are distributed with the newspaper to see the new offerings and the variety of products and promotions offered by supermarket; nonetheless, it doesn't have that strong effect a person can think of since, even though 38% agree, 22% strongly agree, there still about 32% disagree with that, 2% strongly disagree, and 6% are neutral.

TABLE 7:**Friends & relatives word of mouth recommendations**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid strongly disagree	22	22.0	22.0	22.0
disagree	19	19.0	19.0	41.0
neutral	1	1.0	1.0	42.0
agree	42	42.0	42.0	84.0
strongly agree	16	16.0	16.0	100.0
Total	100	100.0	100.0	

On the other hand, friends and relatives have a greater effect in that regards. 42% agree that this recommendation is effective for them and they might change their preference according to them, 16% strongly agree, while still some disagreement 22% strongly disagree, 19% disagree, and 1% is neutral.

TABLE 8:**Prices**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid disagree	4	4.0	4.0	4.0
neutral	9	9.0	9.0	13.0
agree	7	7.0	7.0	20.0
strongly agree	80	80.0	80.0	100.0
Total	100	100.0	100.0	

Price is the most important factor of all of them. Rich or poor, everybody cares and loves to same money. And this is shown clearly in the above table, where 80% of the respondents strongly agree with this idea; 7% agree; 9% are neutral; 4% disagree, and these must be people with a limited time to spend shopping so they prefer the supermarket closest to their location; and 0% strongly disagrees.

TABLE 9:**Coffe shops & restaurants**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid strongly disagree	30	30.0	30.0	30.0
disagree	23	23.0	23.0	53.0
neutral	29	29.0	29.0	82.0
agree	12	12.0	12.0	94.0
strongly agree	6	6.0	6.0	100.0
Total	100	100.0	100.0	

Coffee shops & restaurants in a supermarket don't have that strong effect; even though people love the idea, but not all of them benefit from it. And in consequence, it doesn't affect the interest of consumers in choosing a supermarket. And this is shown in the table above, where only 6% strongly agree about the importance of coffee shops and restaurants; 12% agree; 29% are neutral; 23% disagree; and the majority, 30% strongly disagree.

TABLE 10:**Hospitality of employees**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid neutral	6	6.0	6.0	6.0
agree	51	51.0	51.0	57.0
strongly agree	43	43.0	43.0	100.0
Total	100	100.0	100.0	

Hospitality of employees is extremely important, not the most important factor, but still very important. 43% said that they strongly agree; 51% agree; and only 6% are neutral.

No disagreement in any kind.

TABLE 11:**Layout, cashiers, Offers and Promotions**

	Layout & Design	Number of Cashiers	Offers & Promotions
Valid Spinneys	41	45	24
Monoprix	26	30	27
Geant	7	7	18
COOP	7	5	8
Metro	5	6	5
Charcutier Aoun	8	5	4
Bou Khalil	6	2	14
Total	100	100	100

The table above shows the preferences of consumers in regards to three different aspects: Layout & design, number of cashiers, and offers & promotions. We can see that Spinneys is the leader in all three of them; the second is Monoprix; and the rest are distributed among the other four supermarkets.

TABLE 12:

Fish, Meat, fruits and Vegetables, Dairy

		Fish	Meat	Fruits & Vegetables	Dairy
Valid	Spinneys	31	36	24	10
	Monoprix	21	38	24	11
	Geant	6	3	6	7
	COOP	4	2	8	25
	Metro	27	2	5	5
	Charcutier Aoun	3	3	1	22
	Bou Khalil	8	16	32	20
	Total	100	100	100	100

The above table shows the neatness and the odor of the products offered by their fish, meat, fruits & vegetables, and dairy. It shows the preferences in the following supermarkets as follows:

Fish: 31% Spinneys, 21% Monoprix, 6% Geant, 4% COOP, 27% Metro, 3% Charcutier Aoun, 8% Bou Khalil.

Meat: 36% Spinneys, 38% Monoprix, 3% Geant, 2% COOP, 2% Metro, 3% Charcutier Aoun, 16% Bou Khalil.

Fruits & Vegetables: 24% Spinneys, 24% Monoprix, 6% Geant, 8% COOP, 5% Metro, 1% Charcutier Aoun, 32% Bou Khalil.

Dairy: 10% Spinneys, 11% Monoprix, 7% Geant, 25% COOP, 5% Metro, 22% Charcutier Aoun, 20% Bou Khalil.

Looking at these results we can see that Spinneys is still the leader in this the fish market, Monoprix in the meat market, and Bou Khalil in the Fruits & Vegetables market.

TABLE 13:

My age group is

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 18-25	52	52.0	52.0	52.0
26-40	29	29.0	29.0	81.0
41-60	11	11.0	11.0	92.0
60 & older	8	8.0	8.0	100.0
Total	100	100.0	100.0	

The above table presents the % of the respondents' age group. The 52% of the respondents were between the age of 18 & 25, 29% were between the age of 26 & 40,

approximately 11% were between the age of 41 & 60, and the remainders 8% were 60 years of age and older.

TABLE 14:

My gender is

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid male	22	22.0	22.0	22.0
female	78	78.0	78.0	100.0
Total	100	100.0	100.0	

The above table presents the % of the respondents' gender. 22% of the respondents are male and 78% are female. I distributed more questionnaires to female because they go more to supermarkets than male.

TABLE 15:

My present occupational status is

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid student	48	48.0	48.0	48.0
Housewife	13	13.0	13.0	61.0
employee	21	21.0	21.0	82.0
retired	18	18.0	18.0	100.0
Total	100	100.0	100.0	

Most of the respondents were students, 48% students; 13% housewives; 21% employees; 18% retired people.

TABLE 16:**My annual household income**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	less than 5,000	13	13.0	13.0	13.0
	6,000-9,000	10	10.0	10.0	23.0
	10,000-15,000	68	68.0	68.0	91.0
	16,000 & above	9	9.0	9.0	100.0
	Total	100	100.0	100.0	

The above table presents the % of the respondents' annual household income. 13% of the respondents receive less than \$5,000, 10% receive between \$6,000 and \$9,000, 68% receive between \$10,000 and \$15,000, and the remaining 9% receive \$ 16,000 and above.

TABLE 17:**My main residence is in**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	South Lebanon	14	14.0	14.0	14.0
	Beirut	79	79.0	79.0	93.0
	North Lebanon	7	7.0	7.0	100.0
	Total	100	100.0	100.0	

The above table presents the % of the respondents' residency. The majority 79% of the respondents reside in Beirut, 14% reside in South Lebanon, 7% reside in North Lebanon.

This analysis is reasonable as the questionnaires were distributed mostly around the LAU campus.

5.2 Comparing Supermarkets Retailers in Lebanon

Comparing supermarkets retailers in Lebanon is not an easy task. We divided our comparison into many dimensions. **First** we will start by the top of mind awareness. Top of mind awareness stands for supermarkets that were stated as first mentions. This score reflects the brands that are active in consumer minds.

The **second** dimension was what does consumers likes and what they dislike. Shoppers appreciate mostly the variety of product and knowing that all the supermarkets under study are close to or at the centre of the southern suburb, prices and offers become the most important.

The **third** dimension was about the shopping habits. We found out that Consumers spend an average of \$6,000 per year on food items and groceries at a rate of \$500 per month. The mode, which is the most frequent answer, matches the average or the mean i.e. \$6,000. This indicates that the figure is representative of the population.

This dimension will be divided into four sections:

A. Fruit & Vegetables category

There is no doubt that the traditional grocer has still a strong grip on the fruits and vegetables category. People buy their products from the grocer and that for several reasons:

- Consumers may not stock on vegetables to avoid waste.

- Consumers plan their meals on daily basis, therefore, it is easier to buy from the nearby grocer with whom she can bargain and request good quality vegetables.
- Consumers perceive that fruits and vegetables are more expensive than supermarkets.

The penetration of supermarkets within this category is very close. We should note that Monoprix and Spinneys are balanced in terms of penetration per area, noting that Monoprix has a branch in each area; Bou Khalil, Geant Casino, Aoun and Metro are skewed to the East whereas COOP is skewed to the West.

For the meat category, the traditional butcher grocer has a stronger grip on the meat category. People buy their meat from the neighborhood butcher and that for several reasons:

- Consumers may not stock on meat because they want to cook it fresh rather than freezing it. What is the point of buying it fresh if I want to freeze it? They say.
- Consumers plan their meals on daily basis, therefore, it is easier to buy from the nearby butcher with whom she can bargain and request good quality vegetables.
- Consumers perceive that meat is more expensive in the supermarket.
- Not to mention that some conservative consumers on the West side worry about the way meat is handled and cut.

Spinneys and Monoprix lead the meat category in the Beirut whereas Bou Khalil, who has an insignificant share in the West, leads the category in the East. Aoun and Metro are also skewed towards the East and COOP towards the West and Geant Casino has only one branch.

B. Fish category

The preference for the fish market or road shopping depends mainly on the facts that:

- The husband gets the fish on his way to home.
- Fish is not a regular meal, hence relatively expensive, therefore consumers do not stock.
- The tradition calls for eating fish fresh. Consumers believe that the fish being offered by supermarkets is imported and frozen.
- Fish meals are planned impulsively when the catch is attractive and the price conducive or simply when vans or fishermen visit neighborhoods.
- Consumers know that they may end up paying more for fresh fish but they do not mind because fish is a treat rather than a meal.

We believe that the trend within the fish category may not be easily reverted. Its demand is not very elastic on prices and offers only. Fresh fish is more the name of the game. This category, if it becomes competitive, would have a stronger impact among working and/or upper middle and upper class females who do not mind buying cleaned, even ready-made fish from the supermarket.

The real challenge facing supermarkets is how to control odors if their fish department offers a wide and considerable variety of fish being visibly displayed.

We should note that Spinneys and Metro have better penetrations in the fish category as compared to the meat and fruits/vegetables categories. Monoprix and Geant Casino are not at the same level.

C. Dairy category

Welcome to the dear category of the supermarkets. It is quite remarkable how this category stands out as supermarket driven as opposed to the previous ones.

The category is supermarket driven mainly because:

- Its perceived quality by consumers is benchmarked across brands, unlike fish, meat and vegetables where perceptions are subjective, being influenced by personal tastes and experiences.
- The category is quite wide and choices are numerous; only supermarkets may fill the gap.
- Since dairy brands are available almost everywhere, price becomes the driving factor. This is why supermarkets, like COOP and Aoun, who are known to be competitive in pricing, lead this category. Geant, Monoprix, and Spinney's make lots of seasonal offers but cannot compete in price with the above two.
- Dairy is very sensitive to shelf-life, therefore, turnovers which supermarkets are renowned for, are the name of the game.

Charcuterie similar to canned food, detergents and shampoos, is a function of variety, brands and pricing.

D. Arabic sweets/pastry shops and mixed Nuts

In this section, we will present the findings that will point out the leading institutions in the sweets and mix nuts.

Baba leads all outlets according to a study found online. The different Hallab labels hold the second position. Moreover, Pain D'or is dominant in many supermarkets.

In the mixed nuts category, it is very clear and obvious that Rifai is the uncontested leader in all Lebanon.

5.3 The conditions and the Competition between them in Lebanon

In this section we will look at the competition from another perspective, as the awareness and consumers' preference were already analyzed above. Here, then we will talk about the promotion funds according to some key people at the three leading supermarkets. These managers gave us some useful information that led us the few conclusions.

Nowadays, promotion funds are not just funds to support products and brands and attract traffic. In reality, supermarkets are dumping their prices in order to build traffic and are relying on volume rebates, listing fees, shelf space allocation fees, pyramids and cooperative advertising to achieve their net profits.

Listing fees are defined as introductory fees for new items. For example, Monoprix charges a \$75 non-refundable fee for every new item that is to be introduced to

Monoprix and that in addition to shelf space allocation fees which depends on the number of facings and the shelf level where the product ought to be placed. The eye level shelf costs the most and the more facings are booked the more fees are paid.

Metro an indirect listing fee by requesting a \$250 cooperative advertising fee for every new item that ought to be advertised in the flyer. Acceptance of the new item is conditional on approval of the ad.

Three types of practices are in use among supermarkets:

- The first which consists of charging suppliers a standard fee for shelf space allocation. The fee will vary depending on the competitiveness and concentration of players in the category, number of facings and shelf levels. This practice is fading away and is being replaced by the following practice.
- The second practice consists of negotiating an annual deal between the supermarket and the supplier. The deal commits the first with a certain volume and the second to a lump sum promotional fee covering shelf space, pyramids, promotions and extra discounts. Suppliers use to pay this fee as a cash fee but nowadays are paying it in merchandise or as extra discounts on invoices. Monoprix has cancelled the visibility fees and is allocating space depending on the brand's share of total sales of the category. They claim an extra discount of 2% on the sales volume of the brand.
- The third practice consists of a cash-back volume rebate that would cover for

all the promotional fees and that is usually paid at the end of the year.

We should note that none of the above mentioned practices is standard, a mix of the three may be enforced and that depending on the power and leverage of either the supplier and/or the supermarket.

Promotions in central locations within supermarkets, that are improvised or that are requested by suppliers who do not have an annual deal with supermarkets are dealt with on a case-par-case basis. Fees for such promotions vary from \$1000 to 1500.

CHAPTER 6

CONCLUSION AND RECOMMENDATION

6.1 Conclusion

In this section the major findings of the study were mentioned. Through this it was possible to interpret the discussions with the aim and objectives of the study.

As a conclusion, I would like to say that Monoprix (23%) and Spinneys (21%) are the leaders firms in Lebanon, followed by Boukhalil (18%), Geant (14%), COOP (11%), Aoun (9%), and metro (4%). Without a doubt, after the survey that has been conducted, it appeared that Spinneys is the leader concerning many variables. First of all, 41% said that it has the best layout, followed by 26% to Monoprix. The other supermarkets are a bit far with a range from 5% to 7%. We all know that Spinneys is the richer in number of cashiers, and that was clear in the results, where 45% answered that Spinneys is the best in this dimension. The first 3 top supermarkets, Spinneys, Monoprix, and Geant, have close % concerning offers and promotions, followed by Bou Khalil. These four supermarkets are very professional concerning the flyers and free magazines they distribute to promote their products.

The other section of the analysis consisted of the comparison of supermarkets concerning the neatness and the odor of the products offered by their fish, meat, fruits & vegetables, and dairy. The results were clearly stated in chapter 5, but I would like to mention that Spinneys and Monoprix lead the first two categories, while Bou khalil is the best in the fruits and vegetables category with 32%, and COOP in the dairy products categories (25%). I think the latter was influenced by the low prices of the dairy products

offered by COOP.

Finally, I would like to say that although Spinneys is more known in Lebanon in terms of number of branches. But still, if we want to compare Monoprix to Spinneys, we are comparing a French chain to a Pakistani one. Worldwide, Monoprix is bigger and stronger, especially in Europe.

6.2 Recommendation

There have been previous studies conducted concerning the retailing business in Lebanon, but few are the ones that go directly to tackle consumer behaviors.

Most of them only concentrated on advertising a certain supermarket, or relating the whole supermarket industry to the economy of Lebanon and the region.

Future researches might want to concentrate only on consumers' behaviors, likes, and dislikes. Moreover, a recommended study may separate respondents with different level of income. The current study included all sorts of respondents but it might be more rational to separate them as their tastes and capabilities might differ; for example the shopping habits of people with less than \$5000 annual income may for sure differ from those with an annual income above \$ 16,000. Most probably the 1st ones prefer COOP or Aoun while the 2nd ones prefer Spinneys or Monoprix.

The current study missed the element of canned and frosted food, restaurants, and soap items, which would make an interesting study for future researchers.

As previously discussed, the key success factors for a new supermarket are: Proximity and location, variety of products and brands, and affordable and competitive prices

Given that all, Monoprix, Spinneys, Geant casino, Bou Khalil, Aoun, Metro and COOPs offer the variety of products/brands and the location, affordable prices become the crucial driver. Therefore, we believe that every one should focus on price in addition to the variety and proximity.

Moreover, and in order to attract and convert more consumers into supermarket shoppers rather than fighting for the same shopper with other supermarkets, every supermarket should put a lot of emphasis on anchor items such as meat, vegetables/fruits and fish. On the other hand, it is widely known that these anchor items initiate switching behavior among supermarket shoppers once they are on promotion.

Few more recommendations can be added to these supermarkets or a new one in order to enter as strong as possible:

- The feel of the supermarket should be relevant and fit with the aspirations of Lebanese shoppers
- Unlike Spinneys and similar to Monoprix, a supermarket should offer alcohol, but reduce its visibility, in order not to offend conservatives.
- There is no doubt that the supermarket should be on ground level with easy access from the main road.
- Parking should be free.

Although the observed results are not different from the estimated ones, but more accurate results would have achieved if: The sample size was not as small and was more representative and there was no Sample biasing

Appendix

Questionnaire:

This is a Supermarket related survey, aiming to understand individual's general preferences in shopping habits. It takes no more than 6 minutes to complete it. There are no right or wrong answers but simply different types of responses according to individual preferences. It is anonymous and confidential and the overall findings could be published in academic/scientific journals.

Thank you for your cooperation and help with the survey.

1. Name the supermarket that first comes to your mind:

- Spinneys Monoprix Bou Khalil Geant COOP
 Metro Charcutier Aoun

2. How many times do you shop at a supermarket per week?

- None-1 time 2 times 3 times 4 times more than 4 times

3. How many supermarkets do you shop at in the same year?

- 1 2 3 4 5 6

4. How much is your monthly expenditures in supermarkets?

- \$0-\$300 \$301-\$500 \$501-\$750 \$751-\$1,000
 Above \$1,000

Where do you think the following products are best sold at:	Spinneys 1	Monoprix 2	Bou Khalil 3	Geant 4	COOP 5	Metro 6	Charcutier Aoun 7
15. Fish	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
16. Meat	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
17. Fruits & Vegetables	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
18. Dairy	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Which of the following general characteristics describe you best?

19. My age group is: 18 - 25 26 - 40 41 - 60 61 & older

20. My gender is: Male Female

21. My educational qualifications are: up to High School Degree

Post Graduate

22. My present occupational status is: Student Housewife Employee

Retired

23. My marital status is: Single Married Divorced

24. My annual household income (US \$): less than 5,000 6,000 - 9,000

10,000 - 15,000 16,000 & above

25. My main residence is in: South Lebanon Beirut North Lebanon

Thank you very much for your patience and cooperation

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