

American University of Armenia
College of Business and Management

CARITAS - SWISS WOOD WORKING FACTORY

MARKETING PLAN

Client of the project:

Caritas - Swiss Wood Working Factory
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EXECUTIVE SUMMARY

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The marketing plan for Caritas Swiss Wood Working Factory is intended to provide an assistance to the management of the Company in improvement of strategic marketing planning and achievement its objectives of employing the factory at its full capacity by the turn of the century.

Since its establishment Caritas Swiss Wood Working Factory has been the market leader in the wooden doors and windows producing industry. However the Factory is not exercising its whole potential which results in considerable losses . Caritas Swiss WWF faces other major problems also demanding urgent solution, such as lack of strategic marketing thinking.

The marketing plan includes information about Caritas Swiss WWF background, present situation and future prospects. The plan is based on the findings of conducted marketing research, specific conclusions and recommendations presented to the management in a progress report.

The Marketing Plan presents a careful situation analysis and highlights all the positive and negative factors of both internal and external environments. Potential market estimation, market development trends, simple forecasting, competitive and market share analyses are given in the plan. Further some proper goals and objectives related to market

awareness, market share, distribution channels, sales volume, expected profits are brought up.

Market segmentation policy is followed by the marketing research findings which are minutely illustrated by appendices attached to the plan.

Finally a marketing mix strategy is proposed. This strategy develops appropriate product policy, pricing objectives, detailed advertising and promotion campaigns and suggestions related to suitable distribution channels.

Estimated pro-forma financial statements (income statements, balance sheets) and ratios, brake even analysis are presented to highlight the financial ground of conclusions.

The marketing plan is supplemented with a number of tables, graphs, and appendices which illustrate financial part of the plan, marketing research findings.

A. Problems

The market research conducted during June-October, 1997 has revealed the major criteria for evaluation of the present situation of Caritas Swiss WWF, identified general trends in the wood working market.

The major problems the company faces are stated below:

- ◆ Lack of market awareness of the Caritas Swiss WWF and its product.
- ◆ Uncertainty about the marketing environment and the company's place in the industry.
- ◆ Below average market demand for Caritas Swiss WWF product, despite its high quality.
- ◆ Uncertainty about the company's positioning and the customers attitude towards Caritas Swiss WWF product.
- ◆ Lack of sound strategic marketing thinking in the company.
- ◆ Insufficient quality control of the product and services rendered
- ◆ Underdeveloped distribution system.

B. Recommended Actions

The following strategic course of action is considered to be as the most appropriate for the present situation for Caritas Swiss WWF:

- ◆ Enhance information services at Caritas Swiss WWF
- ◆ Create a marketing department that would coordinate all the marketing planning, market mix strategy developing.
- ◆ Establish total quality control system in the company in order to be able to sustain "High Quality Prestige Product Producer" image in the market.

- ◆ Get ISO 9000 certificate
- ◆ Adopt customer oriented marketing strategy.
- ◆ Extend the product line of the company by introducing main product related items.

C. Benefits From Implementation

Implementation of the marketing plan suggests various benefits for Caritas Swiss WWF. It allows to maintain the levels of higher sales revenues and cover the losses incurred by the company during the first years of activity. The suggested quality enhancement policy will make the company product competitive and help to reposition it as high quality prestige product in the minds of customers increasing the demand for Caritas Swiss WWF product. The society as a whole will benefit from the implementation of the plan.

D. Risks and Assumptions

While developing this project the following assumptions and risks have been considered.

- ◆ The company can increase the sales level. This implies that the management has a desire to improve the company's situation and will follow the recommendations of this project.
- ◆ Market demand for wood made doors and windows will not fall drastically, at least.
- ◆ The company will operate at full capacity.

- ◆ There is a risk connected with changes in consumer preferences towards substitute products. The risk of this change is not negligible, because more and more potential customers shift to plastic and aluminum products.
- ◆ There is a risk connected with overall economic contraction. Since Armenia is in transition period, it is difficult to make predictions whether the economy will grow or not.

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BACKGROUND

BACKGROUND

Caritas is a benevolent international organization, located in Switzerland. Following the earthquake of December 7, 1988, which caused great damage in the north of Armenia. Caritas committed itself to a reconstruction programs, with participation in the housing construction programs of the emergency aid organizations in catastrophe zone. In the co-operation with the Ministry of Construction of the Republic of Armenia, it was examined to create further possibilities for long-term rebuilding assistance in the form of production units for the supply of the basic materials. Caritas chose the sector wood to manufacture doors and windows.

The planning for the wood working center proved difficult. Whereas Caritas had in mind medium-sized factory near the earthquake zone to produce windows and doors for rebuilding purposes, the Ministry of Construction demanded a large factory, equipped with the latest technology. Finally a factory hall with an area of 5,500 m² on a 18,000m² site between Yerevan and Ashtarak was provided.

Planning and implementation took place between 1990 and 1993, including delivery of machines, materials and installations. Following the opening on July 2, 1993, staff training and production started, including container roofs for the orthopedic workshops of the German Red Cross. Production of windows and doors began mid 1994. End of 1994,

a large contract for the French Embassy in Yerevan began, followed in by a further big contract for the French School in Gyumri.

It was agreed with the Ministry of Construction that a joint-venture enterprise has to be set up in accordance with market-economic criteria; a certain proportion of the production to be dedicated to welfare building programs; a training course to be integrated. Caritas committed itself in providing the company with management for at least five years. Caritas has a deciding vote in the Board of Management.

In 1995 "Technical Proposal" was submitted to Tacis and in July 1996 Tacis' project support actually started. The relations of Wood Working Factory with other projects, and the co-ordination with other organizations are based on two levels:

a) exchange in experiences and information during the participation on the regular donor meeting in Yerevan and during less formal meetings and mutual visits,

b) by treating international organizations as potential customers of doors and windows, and by actual supplying products to facilitate reconstruction and development efforts of international organizations such as French GIA, UN organizations, Deutsches Diakonisches, Hilfswerk, Arabkir Children Foundation, V.A.D. Foundations Suisse, French, German Embassies and Armenian government and district authorities.

Consolidation of the production had first priority. This phase would be used to train all management members, specialists and skilled workers of the WWF.

Caritas regards the project in Armenia as a challenge from many points of view:

- ◆ as an activity in the trans-Caucasian field of tension between the sphere of influence of Russia and the attracting force of Central Asia on the Armenian culture bridge between the secularized West and the Islamic East,
- ◆ within the framework of a transformation economy and the building of a civil society,
- ◆ in the area of production, welfare flats and vocational training,

in co-operation with co-funding institutes of the classical (Takis, Luxembourg Ministry of Foreign Affairs) and a new orientation (Armenian Diaspora, business entrepreneurship).

Today Caritas Swiss WWF employs around 50 workers and has a planned sales of \$ 500,000 per year. It is one of the very few enterprises in the country, with regular production and paying wages to staff, to covering the minimum needs of family.

Competitive advantage

Caritas Swiss WWF has several advantages over its competitors. These advantages are excellent skills in manufacturing high quality product, modern technology and equipment, access to high skilled labor market, flexible production. The company owns wood drying facility of German origin which enables it to lower production costs by buying relatively cheap wet timber and drying by its own means. The company applies both Western and Eastern accounting systems, so there is a double control over finances.

SITUATIONAL ANALYSIS

*Present Situation***A. Present Situation**

Caritas WWF was established in 1993, by an initial investment of \$3,000,000.

Caritas positioned itself as a high price-high quality producer in the local market. Company operates at around 50% of its full capacity. In 1996 Caritas' sales were \$341,876. During the first half of 1997 company sold doors and windows for \$ 140,052. The usual profit margin is around 12%. Caritas has a price list for standardized items with a range from \$40 per m² to \$157 per m² for both doors and windows. However the price for these standardized items varies significantly depending on the product modifications.

The company works mainly by make-by-order system, however mass production is also applied. For non-standardized items it takes from 2 to 4 months to fulfill the order.

Caritas has a relatively new equipment, and uses high technologies. This allows the company to produce according to the market standards. Caritas has a German made wood drying equipment, best in Armenia. The operating volume of that equipment is 70 m³. Its price is \$170,000. The existence of wood drying equipment enables Caritas to lower its production costs by buying cheaper wet timber and drying it by its own means. The company also has a heating facility. Thus it works entire year. Caritas also has an autonomous electricity supply. The company relies on permanent wood supplier, who provides Georgian pine. The average wood consumption is 50 m³ per month. Caritas employs around 50 people, who passed a six-month training course to be prepared to the job.

*Simple Forecast***B. Simple Forecast**

Overall expansion of the Armenian economy is leading to the growth of wood processing industry as well. The industry growth is caused by an increase in the volume of construction and renovation in both individual and institutional sectors. In order to estimate the size and growth rate of the total market we took as a benchmark the Shinindustria Holding company, which gives 50% of the total domestic output of doors and windows comprising 1.1 million and has a projected annual growth rate of 16%¹.

The total market size for doors and windows is estimated to be \$3,400,000 in annual sales in 1996, of which

- \$1,200,000 comprises imports (6700 units) according to the Imports Department of the State Department of Statistics,
- \$2,200,000 is the domestic production.

In order to be more conservative in our forecasts we have estimated 5% annual growth rate of the total market. Estimation is based on the current trend and needs in the market.

	1997	1998	1999	2000
Market potential (\$)	3,400,000	3,570,000	3,748,500	3,935,925
Caritas Swiss WWF sales (\$)	322,120	402,650	503,312	603,974
Caritas Swiss WWF profits (\$)	(61,885)	(31,213)	9,535	35,653
Caritas Swiss WWF market share (%)	11	12	14	16

¹ Data is obtained by an interview with the Deputy Director of "Shinindustria" Holding Company.

*SWOT Analysis***C. SWOT Analysis*****Strengths (Internal)***

- ◆ Technology. Modern manufacturing equipment.
- ◆ The best wood drying equipment in Armenia.
- ◆ Leader in wood door-window market
- ◆ Economies of scale, which is reflected on prices.
- ◆ Strong financial source in Switzerland, which could prevent from financial crisis.
- ◆ High quality and Swiss image.
- ◆ As a Joint-Venture company has some tax privileges
- ◆ Ahead on experience curve
- ◆ Excellent skills in manufacturing high quality product.
- ◆ One year warranty, plus customer service if required.
- ◆ Double financial control by eastern and accounting systems.
- ◆ Flexible production: Company can easily adjust to customers demand.
- ◆ Product line can be expanded.

Weaknesses (Internal)

- ◆ Lack of marketing thinking and skills.
- ◆ Lack of consideration of specific Armenian consumer behavior.

SWOT Analysis

- ◆ Prolonged lead time.
- ◆ No clear strategic vision.
- ◆ Cost-disadvantage (since many parts are imported from Europe).
- ◆ Very poor promotion or does not exist.
- ◆ Organizational shortcomings (project manager and plant director have almost equal rights in the decision making).
- ◆ Lack of distribution network.
- ◆ Product-orientation.
- ◆ Low brand awareness.
- ◆ Seasonal factor (Sales considerable decrease in winter).
- ◆ Problems related to the vacuum glass blocks (very serious problems could arise when glass is broken or got dirty).

Opportunities (External)

- ◆ Ability to expand in to new markets or segments, or to serve additional customer groups (locally and abroad).
- ◆ Emerging customer loyalty (although very slowly).
- ◆ Falling trade barriers.
- ◆ Increase wood imports.
- ◆ High barriers to entry: High entry cost for new firms.

SWOT Analysis

- ◆ Foreword integration. Opening its own special stores and distribution agencies.

Threats (External)

- ◆ Slow market growth.
- ◆ Demand shift from wood products to the plastic and aluminum made.
- ◆ Growing bargaining power of customers.
- ◆ Some unreliable suppliers (mainly from Georgia).
- ◆ Market orientation of main competitors and substitute product producers (Eurostan Uyut, private enterprises).
- ◆ Blockade.
- ◆ Low living standards of population.
- ◆ Government regulations.
- ◆ High pressure both from domestic and foreign products.

OBJECTIVES AND GOALS

OBJECTIVES AND GOALS

Caritas Swiss WWF will be able to realize its mission providing quality wood product to satisfy house improvement needs of population - through setting reasonable marketing objectives. Successful accomplishment of this task requires close examination and evaluation of

- ✓ ♦ controllable marketing variables within the company,
- ♦ uncontrollable variables in the external business environment in terms of the present situation and future trends.

Taking into consideration favorable conditions (for example, the improving economy) and carefully analyzing the unfavorable factors (rising prices, increased competition,) the company should be prepared to alter its response. It should intensify its marketing efforts to take advantage of existing opportunities and take measures to minimize the negative influences on operations.

The marketing objectives of Caritas Swiss WWF in measurable terms for the period 1998-2000 are set as follows:

Objectives		YEARS		
Category	Units of Measures	1998	1999	2000
Consumer Awareness	%	30	60	90
Market Share	%	12	14	16
Sales	\$	402,650	503,312	603,974
Sales in units	m ²	5,121	6,651	7,982
Sales Representatives	people	2	3	3
Number of outlets	#	1	1	1
Profit (Loss)	USD	(31,213)	9,535	35,653
Return on Investments	%	14	17	21

✓A. Consumer Awareness

The results of the survey have shown that Armenian consumers have low level of awareness about the company's product, which amounts to 11% of the target market. Through developing an effective promotional activity, the awareness of the population will increase in coming three years and reach 90% by the end of the century.

✓B. Market Share

The conducted marketing research revealed that, at present, the company covers 11% of the target market. As studies indicate a strong relationship between high market share and high return on investment, the company should make attempts at increasing market share especially in institutional and residential segments to achieve 16% by 2000.

Expansion of market share will be realized by

- ◆ product innovation,
- ◆ product and services quality improvement,
- ◆ heavy promotional efforts,
- ◆ price adjustments.

In addition, it is worth to say that well established marketing methods will contribute to increase in market share without lowering the price.

C. Sales Force

To effectively realize its product Caritas needs well trained and aggressive company owned sales representatives. To the expected one outlet in Yerevan and two regional offices, a sales representative will be appointed - three people in all by 2000.

D. Product Line Expansion

Caritas has already made attempts to diversify it's production by producing pieces of furniture and parquet. However, these attempts were accidental and could not essentially influence the company's welfare.

We recommend the company to extend it's product line by introducing production of main product related items in order to stimulate it's further growth. Among the reasons for diversification we can name

- ◆ Seasonality (Diversification in this case will contribute to the better utilization of the company's resources throughout the year).
- ◆ Low return or positive new business opportunities (Diversification will stimulate the growth rate and develop a higher market share).

To reduce the risks associated with diversification, Caritas should capitalize on it's existing technological expertise and channel knowledge.

As the company at present does not have necessary financial resources to fund diversification, the proposed line expansion will help the company to considerably decrease expenses and gain competitive advantage through

- ◆ economy of time and energy,
- ◆ economies in transportation and selling,
- ◆ possibility of volume discounts,
- ◆ more efficient selling,
- ◆ developing a higher market share,
- ◆ creating an additional source of cash generation.

The suggested product line expansion is not included in the company's objectives and financial analysis because it will not need additional capital investment. It will be subordinated to the main production of doors and windows and decrease the idle resources of the company in the periods of low demand.

MARKET SEGMENTATION, TARGETING AND POSITIONING

MARKET SEGMENTATION, TARGETING AND POSITIONING

Having a good insight into current and potential customer base is a matter of great importance to the company's management. Market segmentation and product positioning are closely linked strategies designed to allocate marketing resources to defined target segments and to communicate product benefits to meet consumer needs. Successfully practicing market segmentation and positioning, Caritas can

- ◆ expand market size,
- ◆ improve profitability, and
- ◆ adapt to changes in market demand.

Market segmentation will help the company find its primary target and consider secondary targets as the most profitable segments. The conducted marketing research has revealed the following factors:

- ◆ With an improving economy, increasing volume of construction, and increasing income levels, the population of the market is slowly growing.
- ◆ The main customers will be people with middle (\$300-500 per month) and high (more than \$500 per month) levels of income among which small and large enterprises should be emphasized.
- ◆ Although the product and services of the company will be offered throughout the republic, the geographical location of the potential customer is considered to be mainly Yerevan.

- ◆ Industry is growing; new products and services are developed to meet the consumers' needs.
- ◆ The main competitors are the totality of individual wood-craftsmen, Masis, Mayisyan (Gyumri), Vank (Echmiatzin), Aznavour-Armenia (Vanadzor).

Analyzing these factors, we have decided to propose the company to **employ multiple segmentation strategy** in the following form:

SEGMENTATION	TARGET MARKETS
Demographic <ul style="list-style-type: none"> ◆ Income 	<ul style="list-style-type: none"> ◆ middle income (\$300-500) ◆ high income (more than \$500)
Geographic	<ul style="list-style-type: none"> ◆ Yerevan ◆ Earthquake zone ◆ Regions suffered from military attacks
Product Usage (sectors) <ul style="list-style-type: none"> ◆ institutional/residential ◆ industrial ◆ commercial 	<ul style="list-style-type: none"> ◆ institutions and individuals involved into construction process ◆ construction companies ◆ specialized stores
Benefit <ul style="list-style-type: none"> ◆ Product Features 	<ul style="list-style-type: none"> ◆ heat and sound insulation ◆ stylish product

Directing its marketing efforts towards these target segments, the company will increase their effectiveness and improve its profitability.

Product positioning extends segmentation; product should be positioned uniquely in the minds of consumers relative to rival offerings. The most appropriate strategy for the company is **Consumer positioning** that links the product benefits to product features. Both, information and image approaches are advisable here. Shift from informational to image approach will occur, while product is moving over the course of a product's life cycle. In domestic market, production of Caritas Swiss WWF is perceived as high-priced product. This is an important source of reference when purchase decisions are made. Buyers' perceptions of quality and prestige are often directly proportional to an item's price. They expect to pay more for the best product. Therefore, the company has to reposition its product and create an image of **prestige quality - affordable price** product. A new promotional campaign will serve to this purpose².

² See "Marketing Mix Strategy" section D

MARKET RESEARCH FINDINGS

A. IMPORTANCE AND NECESSITY OF THE CONDUCTED RESEARCH

The purpose of this study is to determine:

- ◆ Relative competitive position of Caritas Swiss Wood Working Factory in the Wood processing industry,
- ◆ Market awareness of Caritas Swiss WWF and its product,
- ◆ Caritas product user opinion about the product and accompanying services, measure customer satisfaction level,
- ◆ Attitudes and preferences of the target market towards the characteristics of the product and product accompanying services,
- ◆ Competitive position of Caritas Swiss WWF in the wood processing industry,
- ◆ Obtain the needed information for marketing mix determination best fitting the customer demand

Information provided by the research will be helpful in the solution of managerial problem: Strategic marketing planning for Caritas Swiss Wood Working Factory.

Primary and secondary research data analysis is carried out. Personal interview is chosen as a data collection tool.

The main conclusions of the research are as follows:

- ◆ Caritas Swiss WWF is the market leader with 11% market share
- ◆ Caritas Swiss WWF is positioned in the market as “high-Swiss quality-premium price product producer”
- ◆ Caritas Swiss WWF company and product awareness is low in the target market
- ◆ Customer satisfaction level with Caritas product and services is not high
- ◆ Purchasing power of 23% of the target market corresponds to more than average price range offered by the factory.

The main recommendations are:

- ◆ Strengthen the product and service quality control to sustain the image of “Swiss quality producer” in the market.
- ◆ Follow-up the opinion of the product users in order to best fit to customer demand
- ◆ Increase the company and product awareness by systematic promotional campaigns, because market awareness of the Caritas Swiss WWF strongly correlates with its market share.
- ◆ Establish well developed distribution channels, firm agencies in the major cities of the Republic
- ◆ Reposition the company in the minds of the customers as “Swiss quality-affordable price producer”.

B. Methodology of the research***1. Objectives of the Study***

- ◆ Determine the relative competitive position of Caritas Swiss WWF in the wood processing industry.
- ◆ Determine the market awareness of Caritas Swiss WWF.
- ◆ Determine the market awareness of the product of Caritas Swiss WWF.
- ◆ Determine the attitudes of Caritas product users towards the product and the level of customer satisfaction.
- ◆ Define the probability of repeat customer attendance.
- ◆ Determine the purchase intention of the target customers regarding:
 - a) preferred producer of doors and windows
 - b) preferences on mass production goods or customized service
 - c) preferred distribution channels
- ◆ Determine the product characteristics of doors and windows the proportion of potential customers are willing to have.
- ◆ Determine price elasticity of demand in the target market.
- ◆ Determine the main product accompanying services the customers are willing to be provided.

- ◆ Determine the most frequently attended informational media by the targeted customers to organize an effective promotional campaign.

2. Research Design

The combination of both Descriptive and Exploratory research is chosen for carrying out the research, because it fits the best the objectives of the implemented task, such as:

- ◆ Description of attitudes of the respondents,
- ◆ Estimation of the proportion of the respondents behaving in a certain way,
- ◆ Making specific predictions based on the findings.

3. Definition of the Population

Three surveys were implemented during the research the target population of which are:

1. The residents of the Republic of Armenia
 - ◆ who are currently in house-building process and intend to buy doors and windows,
 - ◆ Private and state owned construction companies
2. Caritas Swiss WWF product users
 - ◆ individuals,
 - ◆ local and international organizations.

3. Caritas Swiss WWF competitors.

4. Sampling Method

Non-probability - judgment sampling method is applied during the research, because it best fits the objectives of the research given the availability of the information about the investigated populations.

5. Sample size

The sample size for the first population research is computed after conducting a preliminary interview with 26 respondents from the target market.

Sample size for the target population research is 358.³

Sample size for the "Product user" and "Competitor" population equals 30.

6. Sampling Plan

Structured - direct interviewing was implemented during the research. Interviewers were restricted to following the wording and the instructions in prepared questionnaires and the respondents were aware of the underlying purpose of the surveys. Personal interviews with respondents were implemented in any convenient time and place.

³For more detailed information see the Marketing Plan For Caritas Swiss WWF.

The geography of the surveys includes the major cities of the Republic in the following proportion:

♦ Yerevan -	50%
♦ Gyumri -	13%
♦ Vanadzor -	13%
♦ Kapan -	6%
♦ Abovyan -	6%
♦ Armavir -	6%
♦ Artashat -	6%

7. Data Collection Method

Basic data collection approaches in the research are:

1. Internal and external secondary research,
2. Survey research:
 - ♦ Door-to-door personal interviews with target population,
 - ♦ In depth interviews with Caritas Swiss WWF product users and competitors.

8. Questionnaire Design⁴

The questionnaires are designed based on the gained information from the internal secondary research data. Personal judgment is also used to determine the types of questions most applicable for collecting certain information.

In designing the format of the questionnaires a standard procedure is used: more general questions are posed in the beginning, more specific ones close to the end of the questionnaires.

Completion technique and multiple choice questions are applied in questionnaire design.

After conducting the questionnaire pretest the obtained information is discussed and the final design is made and approved.

9. Limitations

The limitations of the research are connected with the following factors:

1. Unreliability of the available secondary data about the
 - ◆ market size,
 - ◆ sales volumes of the major doors and windows producers and their market shares.
2. Unwillingness of the State officials and private producers to share the financial information.

⁴ The analysis of questionnaires see in marketing plan for Caritas Swiss WWF

C. INDUSTRY AND COMPETITIVE ANALYSIS

Caritas Swiss WWF functions in the Wood Processing Industry. The industry in Armenia is represented by a few large manufacturers and many small producers.

Overall expansion of the Armenian economy is leading to the growth of wood processing industry as well. The industry growth is caused by an increase in the volume of construction and renovation. Both business entities and private individuals are the consumers of doors and windows.

1. The total market size for doors and windows is estimated to be \$3,400,000 in annual sales in 1996, of which
 - ◆ \$1,200,000 comprises imports⁵
 - ◆ \$2,200,000 is the domestic production⁶.
2. Caritas Swiss WWF is potentially able to capture 18 percent of the current market. This estimation is based on the full capacity of the company, as well as on the analysis of the competitive environment.
3. There is a general trend in the market. The small well-equipped enterprises are developing, whereas large companies are forced to exit from the market due to high overhead costs

⁵ The data are obtained from the Imports Department of the State Department of Statistics.

⁶ The figure is based on estimations by using the information obtained from the interviews with the industry experts. Department of Statistics could not provide the relevant information.

4. There is a strong pressure from substitute products, such as plastic and aluminum doors and windows imported or produced locally. Because of the aggressive pricing strategy employed by these producers, such as Eurostan Uyut, as well as the high quality of products, enable them to increasingly capture the doors and windows market threatening the market share of wood processing companies.
5. Estimated market shares of Caritas Swiss WWF are given in the table below

Producers	Volume of production in 1996 in US dollars	Market share in percentages	Working at the % of full capacity
Caritas	310,000	11	50
Mayisian	119,000	3.5	NA
Masis	61,200	1.8	2
Vanadzor	37,500	1.1	NA
Vanq	36,000	1.05	12
Imports	1,200,000	35.5	—
Others ⁷	1,538,500	45.25	—

⁷ Others category includes small producers, whose data is not possible to estimate.

D. CUSTOMER ANALYSIS

Customers of Caritas Swiss WWF are individual users and institutional users. The target market is presented in section Market Segmentation, Targeting and Positioning.

Common traits for all the mentioned above targets are:

- ◆ Relatively intensive construction process
- ◆ Relatively less price-conscious
- ◆ Relatively high quality conscious

In these segments the positioning that is the most relevant is: "High quality - affordable price"

E. PRIMARY RESEARCH FINDINGS⁸

1. Overwhelming majority of doors windows consumers are not aware of any companies producing doors and windows. Moreover they don't care who has produced them, unless it is of high quality and reasonable price.
2. Caritas Swiss WWF company awareness is 12% and product awareness is 11% in the target market.
3. Of the investigated regions' residents Yerevan and Vanadzor respondents only were familiar with Caritas Swiss WWF.
4. Only 5% of the target market has already made the decision to buy Caritas Swiss WWF product. Overwhelming majority of the respondents are willing to buy the production of individual proprietors insuring high quality.
5. The main variable affecting purchase decision of the target market is the quality of the product (51%), while 41% of the respondents are price sensitive and their purchase decision may be affected by changes in the prices. Purchase decisions of the respondents could be affected by other variables also, such as proximity of the shop.
6. Caritas Swiss WWF has been positioned in the market as high quality-premium priced product producer that offers an opportunity of wide choice. Its product is identified with Swiss quality in the minds of potential customers. This is the reason

⁸ Tables with primary research findings data are posed in appendices.

why the respondents unaware of Caritas products express willingness to buy it. 71% of respondents are considering the possibility of buying Caritas Swiss WWF product in future, whereas 29% categorically refuses the idea of purchasing it.

7. The level of satisfaction of the Caritas Swiss WWF product users from the product varies widely from 100% to 40%. It is remarkable that almost all the organizations that had made large orders, or are in the process of getting services express extremely negative attitude to Caritas Swiss WWF product and services rendered. The most frequently expressed complaints are:

- ◆ The wood is not properly dried, which results in deformation of the products after a certain period of time, especially doors,
- ◆ Although the design of the products is good, implementation is very poor, the work is not neat, nails are beaten improperly,
- ◆ The quality of the products does not deserve the demanded prices. High prices are not justified by the quality,
- ◆ The quality is not homogeneous in the large orders,
- ◆ The doors are not properly matched to the frame and are not properly closing,
- ◆ Very soon the doors are crooked and hanging,
- ◆ The connections of the parts are visible, there are spots and stains on the paint,
- ◆ The handles of the windows are breaking very soon,
- ◆ The lead time of order processing is very long,
- ◆ The predetermined time-frames of order processing are not honored and implementations of orders are delayed,

- ◆ The handles of the doors are not matching their design making difficult their usage,
- ◆ The quality of the wood is not good, there is a lot of nuts on it, which soon become visible,
- ◆ The doors are not properly fixed and shake from the wind, make noise,
- ◆ Insulated "vacuum glass" soon become not hermetic, dust and vapor concentrate between the glasses making them dirty,
- ◆ The inside surfaces of the 8" glass blocks" of the windows are dirty,
- ◆ The grounding of the wood is not done properly,
- ◆ The rubber folds are missing and insulation is not insured,
- ◆ Joints of the windows are missing,
- ◆ In some cases the locks of the doors do not coincide with the hole on the frame,
- ◆ The colors of oak wood do not coincide on the same door,
- ◆ There are stains on the oak doors that are impossible to clean,
- ◆ There is not a customer oriented attitude in the company,
- ◆ Bureaucracy and discrimination of customers is strongly expressed in the company which creates unfavorable psychological atmosphere,
- ◆ Small size orders are rejected,
- ◆ No feedback is sought from the customers, although a 1-year warranty is offered,

- ◆ The exhibited samples of products are misleading and do not represent the quality that is offered to customers,
 - ◆ There are both equally satisfied and dissatisfied customers with the product accompanying services,
 - ◆ Almost all the Caritas Swiss WWF product users reject the possibility of repeat attendance.
8. Overwhelming majority of respondents are willing to buy doors and windows by a special order, only 30% of potential customers prefer mass production.
9. The half of the respondents are unaware of insulated , noise-proof, block-glassed windows and are unwilling to have such type of window.
10. Of the product accompanying services that Caritas Swiss WWF offers the respondents are willing to get most often installation and transportation. 1-year quality is sought by the less proportion of the respondents, which is explained by their pessimism on getting the service.
11. The most preferred distribution channel by the doors-windows market is the firm-shops or company agents. The second preferred way of purchase is - directly from the factory.
12. The most repeated price-range that respondents are willing to pay is \$100-\$150. Though the affordable price- range of the respondents varies widely, the price-range above \$150 is affordable for the 29%-40% of the respondents.
13. Caritas Swiss WWF sales objective of \$600,000 by the turn of the century implies capturing 16% of the target market.

There are some findings that will be helpful in organizing promotional campaign.

14. The most intensively used medium of getting an industrial information is TV commercial.
15. The second widely used media is the word-of -mouth. This is a very powerful medium of spreading information in the local market, so the company's management should cautiously consider it in creating an image in the market.
16. Films and news are the most frequently attended TV programs.
17. One fourth of the respondents do not listen radio at all. Others' preferences on the different Republic Radio stations do not vary significantly.
18. Almost half of the respondents do not read newspapers. The most frequently read newspaper is "Hayastani Hanrapetutyun".
19. In an attempt of establishing publicity it will be helpful for the management to know that the most appreciated type of assistant by the respondents is the support provided to old people and job creation.

MARKETING MIX STRATEGY

A. PRODUCT

Caritas Wood Working Factory produces highly differentiated wood-made doors and windows that may satisfy the demand of a wide range of customers. The main types of the product have a standard characteristics of doors and windows, that are well accepted by households.⁹

Product Quality

Caritas Swiss WWF produces three different brands: Swiss Eco, Swiss Standard and Swiss Lux. All brands are positioned as high quality products. According to the results of the marketing research, quality is the most important factor in purchasing decisions (51% of respondents). Research has revealed that the Caritas product users are not satisfied with the quality of the product and the quality does not deserve the high prices charged. So we strongly recommend Caritas to improve the quality of production. To achieve that we recommend to use the total quality control system in the plant. The ideal solution will be to get ISO 9000 certificate. To get rid of possible future complaints, we also recommend Caritas to pay attention to the supply of glass and to the glass installation, in this case before sale testing could be useful.

⁹ Appendix # 3

Features, Options and Styling

Besides the standard features, options and styling that are available on usual doors and windows and are well accepted by households, Caritas Swiss WWF products have an additional features, options and styling.

According to the results of the marketing research, 68% of the respondents prefer to buy production by customized orders. Therefore we suggest Caritas to keep paying major attention to the customized orders. However, since the large portion of sample, 30% of respondents, prefers mass production, we recommend Caritas not to get rid of mass production. By careful and reliable estimation of the potential market, this less costly way of production could be applied, especially for brand Swiss Eco.

Actually Swiss Eco deserves individual approaches, especially in marketing. Marketing research has revealed that a majority of both windows and doors potential buyers (71% and 58% of respondents correspondingly) prefer to buy a product at a price less than \$150 per unit, which corresponds to the price of Swiss Eco.

In spite of demand shift from wooden product to aluminium and plastic ones, the majority of questionnaire respondents, 77% still prefer wooden products. Thus we recommend Caritas Swiss WWF to keep producing wooden production and **emphasize that in promotion.**

We also recommend to enrich product characteristics, including installation of remote control systems, security ensuring devices and elaboration of other special designs.

*Product**Services, Warranties and Customer Satisfaction*

According to the marketing research results, potential customers like to receive the following product accompanying services: installation 68%, transportation 63%, warranty 51%. So, to reach customer satisfaction, which is the most important criterion in judging about product success, we strongly recommend to apply these services. Particularly we suggest to emphasize more strongly installation and transportation for brands Swiss Standard and Swiss Lux and warranty for brand Swiss Eco. In Armenian market, where the supply of doors and windows significantly exceeds the demand for them, warranty and services will seriously influence customer's purchasing decisions.

Branding Strategy

As it was mentioned above, brand names Swiss Eco, Swiss Standard, and Swiss Lux are used by Caritas WWF. The word "Swiss" seems to be very effective, because that word in the mind of Armenian consumer is associated with the high quality. However because of the lack of promotion, these brand names do not significantly influence market.

Caritas' different brands will serve different customer groups. We suggest Caritas to target Swiss Eco on middle income (\$300-\$500 per month) people, Swiss Lux on high income (more than \$500 per month) and Swiss Standard on the upper part of middle income segment and lower part of the high income segment.

*Product**Brand Awareness*

Brand awareness is the company's primary objective for its newly introduced products to make them familiar to the consuming public¹. According to the marketing research results, Caritas Swiss WWF product awareness is 12%. So, to increase such an extremely low level, we want to emphasize the need for purposeful promotion and media strategies¹⁰.

Major Problems and Resistance to the Product Acceptance

It seems that there should not be any problem concerning product acceptance, as there are no major problems with physical characteristics of the product. However a need of some further developments can arise in:

- ◆ Quality improvement
- ◆ Price adjustments
- ◆ Plant Location (since plant is the major distribution channel and located out of the major market-Yerevan).

¹ Borne&Kurtz " Contemporary Marketing " Seventh Edition, HBJ, p.348

¹⁰ See "Marketing Mix Strategy" section D

B. PRICING STRATEGY**1. Pricing Objectives**

Caritas Swiss WWF's pricing objectives, in accordance with its marketing objectives, should concern increasing market share or expanding demand (**sales-based objectives**.)

Two major market segments including middle income and high income customers significantly affect the company's pricing strategy.

We recommend to employ different pricing strategies for each of these segments:

Pricing Strategy	Income	% of Target Market	Brand	Average Price Per 1 m²
Standard	middle \$300-500 per month	65%	♦ Swiss ECO ♦ Swiss Standard	\$40-75 \$75-150
Premium	high over \$500 per month	35%	Swiss Lux	over \$ 150

Brand image is an important buyer criterion in our case, and charging a premium price for the brand Swiss Lux will cover

- ♦ high product/service quality,
- ♦ high costs of quality raw materials.

Pricing Strategy

Together with the quality-pricing positioning of the product, this will help the company design a marketing program that will closely meet the needs of its target market and lead to growth in sales and expansion of market share.

Standard pricing will be used for the brands **Swiss Eco** and **Swiss Standard** and meet the needs of the large proportion of customers at the target market (65%) providing them with quality product, but charging lower price, thereby increasing demand and market share.

Thus, combination of market-share and product/quality leadership objectives will lead to high levels of profitability in the long run.

Year	1998	1999	2000
Sales	\$400,000	\$500,000	\$600,000
Market Share	12%	14%	16%

2. Operational Pricing Approach

Although Armenian consumers are highly price sensitive, lowering the price of Caritas product will not lead to sharply increased sales, as demand for doors and windows is inelastic. In order to coordinate pricing with the company's overall marketing strategy, we recommend the management to use two or more methods simultaneously to set prices for its product.

Pricing Strategy

1. The company sets prices so that revenues (quantity sold times price) exceed costs and return a profit. In order to determine the volume of sales at a given price that will cover total costs, break-even analysis is used (see **appendix 2**).
2. The company determines selling price by adding to total product cost an amount equal to its long-run return on investment:

However, all aspects of demand shall be considered when making pricing decisions.

1. High price serves as a signal of quality and prestige; therefore, by marketing higher-priced product, the company can increase its demand. However, the upper level of pricing should not exceed the reasonable limit. In addition, we recommend to use two types of price adjustments :
 - ◆ **volume discounts**, that is lower costs of producing and handling higher volume orders,
 - ◆ **seasonal discounts**, according to the volume of remained inventory that encourage customers to purchase early and late in the selling season, when demand is weak.
2. In order to reach more distant customers, for example, from the Earthquake Zone, we recommend to use **fright absorption pricing method** (paying the same delivered price, regardless of location).
3. Negotiated pricing will be appropriate when personal selling is used.

C. DISTRIBUTION STRATEGY

Distribution strategy has important implications for attaining the company's objectives, as it regulates the movement of goods from a producer to customers. The two important aspects to be considered here are

- ◆ **Channel management**
- ◆ **Physical distribution**

Channels

Channels involve the sets of institutions and agencies used to make products and services available to customers. The most appropriate distribution strategy for the Caritas Swiss WWF production is **selective retail-coverage strategy**, which means selling an item through only a portion of outlets that carry a given category of merchandise. Therefore, there is no need in great number of intermediaries. Moreover we recommend to use forward vertical integration, in order to expand the company's operations toward target customers. This will help the company maintain control of marketing activities and capture a greater profit margin.

1. As the product is designed to meet the needs of a particular segment of the total market, and it requires salesperson support to demonstrate its operation and to explain its features, the company will benefit from limiting sales to outlets capable of providing such services.

2. Based on our market segmentation approach, we recommend that Caritas use **direct distribution**, and develop **short and narrow channels**. Employing short channels by the company is mostly appropriate because of

- ◆ expensive product requiring a heavy personal selling effort;
- ◆ meeting individual customer needs, such as specially arranged deliveries, financing, and instructions for use. Besides, short channels can reduce an entire system's total inventory and related carrying costs;
- ◆ items custom-made to buyer specifications and requiring extensive servicing.

Small specialized stores offer greater sales potentials, as their customers are more focused, and greater promotion emphasis for a particular product. Recently Caritas has started marketing its product through the shop "Elegant" located in the central part of Yerevan. We recommend the company to open:

- ◆ factory outlet located on premises of the factory
- ◆ outlet located in Yerevan.

The Company's **offices for accepting orders** will be established in Earthquake Zone (Vanadzor), and regions suffered from military attacks (Kapan). Each outlet or office will have its company owned sales representatives.

Physical distribution

Activities related to physical distribution are interactive, therefore an extensive coordination is required. The objective of management is to minimize the total of costs associated with these activities, while providing a desired level of service.

We recommend the company to improve its physical distribution decisions by

- ◆ centrally coordinating all the related activities within the company;
- ◆ organizing a committee made up of representatives of several functional areas;
- ◆ using computers, mathematical models and hand-tabulated information systems;
- ◆ using mainly motor carriers, as they have a competitive rate advantage in conveying small shipments over short distances;
- ◆ using privately owned carriers that will reduce total transportation costs, if initial equipment, maintenance, and operating costs, plus the cost of tied-up capital are less than the rates a firm would pay for commercial services.

D. PROMOTION

1. Advertising

According to the conducted research findings the biggest problem Caritas Swiss WWF faces is its low market awareness . So the marketing communication becomes a vital part of the marketing plan we offer our client. Developing recommendations we follow the next major steps in communication and promotion program:¹¹

- ◆ target audience identification,
- ◆ communication objectives setting,
- ◆ message design,
- ◆ communication channels selection,
- ◆ promotion mix decisions,
- ◆ total advertising budget developing.

I. The first step is clearly described in “Market Segmentation, Targeting and positioning” where the target market audience and its characteristics are identified.

II. Communication objectives of the program will be to:

- ◆ Build awareness about Caritas Swiss WWF and its total product line, delivered services, the location of its agencies and other distribution capabilities,

- ◆ Educate potential customers about the features and benefits of each brand, their prices and the service delivery capabilities of the company,
- ◆ Build selective demand for Caritas Swiss WWF brands,
- ◆ Build customer preference of *wooden = natural and healthy* doors and windows over Aluminum and plastic substitute products,
- ◆ Communicate the idea of Swiss quality” and “Armenian mastery”,
- ◆ “Reposition Caritas Swiss WWF product in the minds of potential customers as “high quality prestige product - affordable priced”
- ◆ Lead customers to positive purchase decision

III. Message design should be tailored to the achievement of mentioned communication objectives. Advertising messages should be directed to both *corporate and product advertising* , emphasis should be done on the product differentiation employed in the factory tailored to meeting the specific needs of different targets. Below several advertising messages are presented.

Enjoy Swiss lifestyle at home .

Enter the world of Swiss quality through Caritas - doors .

View the wonders of the world through Caritas - windows.

Enjoy the nature with Caritas Swiss - Eco.

Caritas Swiss Lux - extra quality - prestige product - reasonable price.

Caritas: Swiss quality - Armenian interpretation.

¹¹ Philip Kotler, Marketing Management, 1984, p.607.

Caritas: Swiss quality - Armenian mastery.

IV. Different targets identified as potential customers of Caritas Swiss WWF require different marketing actions. Consequently, both personal and non-personal communication channels can be successfully used depending on situation.

- ◆ A heavy *space advertising* campaign, that will give the audience more knowledge about the company and allow to build favorable corporate image, consumer preferences, and conviction to buy the product, will be followed by direct-personal communication with the consumer.
- ◆ Mass media advertising is just too costly and too broadly focused to be of much value in targeting the institutional segment who seeks more detailed and precise information. Here *Industrial Directories* will be the most effective advertising medium.
- ◆ A powerful personal communication channel is the *social channel* so called word-of-mouth influence. Caritas Swiss WWF management should be especially careful with this medium, because both good-news as well as bad-news spread through this channel equally effectively. Social channel will be functional in all targeted segments.

V. Advertising campaign will be conducted through newspapers, TV, radio, Industrial Directories.

Promotion

- ◆ *Television* is the most effective mass medium, so it should be used most heavily. The ads should be repeated with time period of one week. In the period of highest demand, i.e. summer and early fall, the frequency can be increased. The commercials will be placed on TV before *Lraber* news program and films, when the targeted audience is the largest.
- ◆ Although a considerable proportion of target market does not read *newspapers*, it is reasonable to place ads in the papers that have the highest circulation (*Hayastani Hanrapeteutyun, Azg, Eter, 0-2*) and papers of commercial specialization (*Gind, Comersant, Express Gazeta*).
- ◆ *Radio* spots announced twice a week will also support the company image. The most preferred radio stations are the *Republic Radio-station, Hi FM, Nostalg, Evropa +*.
- ◆ Several annual *Industrial directories* are published in Armenia of which we recommend to choose "*Link*" *Business Directory of Armenia*, and "*Reference Book of Armenian Enterprises and Organizations*" which are the most used. The "*Sahak Partev*" computer map is going to be established in Yerevan. We strongly, recommend to register to the "*MAP*".

*Promotion***2. Sales Promotion**

Of the non-personal areas of promotion sales promotion will be the most effective one for Caritas in the Institutional segment. We recommend client to use the following sales promotion practices most appropriate for the local market.

Discounting

The *volume discounting* practice exercised by the Company is an extremely effective sales promotional tool which will not be discussed in our plan in detail, given the same policy will be kept further by Caritas management.

During the winter months doors-windows sales are declining in the local market, which is explained by the decline in the overall construction activity in this period. We recommend to exercise an exceptional practice in the local market to apply *seasonal discounting* for *Swiss-ECO brand* at 5-10% discount rate (within reasonable scopes) during the winter months accompanied with intensive advertising campaign. Such a promotion policy will be beneficial for the Company in two aspects, it will increase sales in relatively "calm" period and loosen the pressure in peak periods.

Catalogues

This is a virtually important communication vehicle for the business marketer targeting institutional segments. Its uniqueness is in that it is a reference form of promotion. In making a purchase decision buyers refer to catalogues for comparisons of specifications, prices, terms to screen potential suppliers. Catalogues serve also as

an aid for the field salespeople. We recommend to include the following key elements in the catalogue design:

- ◆ The cover containing the logo of Caritas Swiss WWF and the main message communicated by advertising campaign,
- ◆ The index - table of contents,
- ◆ General company background - history, politics,
- ◆ Product pages. Here we recommend to pose the different families of the products (*Swiss - Eco, Swiss-Standard Swiss - Lux* doors and windows) in different sections, in order to emphasize the product differentiation and make easier for the buyer to use catalogue.
- ◆ Service pages including product accompanying services rendered, distribution modes, locations, how to get more information.

The Catalogue should be designed by a professional layout artist, because a poorly designed catalogue may greatly deteriorate the image of the company and be of a little importance.

Distribution of the catalogue should be carefully deliberated in order not to increase out-of pocket costs because of over-distribution, or increase opportunity losses due to under-distribution. We recommend our client to use the following methods of distributing the Catalogue:

- ◆ Use space ads and direct mailing to get the prospects to request catalogues.
- ◆ Salespeople distribute Catalogues to the buying influences.

Dealer and Distributor Materials

These are materials that manufacturers provide to their channel intermediaries to help them to promote effectively in their local markets. Dealer and Distributor Materials will be of considerable importance in targeting remote regions where there is a relatively active construction, such as in Gyumri, Vanadzor.

In Yerevan outlets we recommend to use the following dealer and distributor materials:

- ◆ Point-of-purchase displays for dealer showrooms,
- ◆ Price lists,
- ◆ Bulletins and booklets.

In remote regions we recommend to use:

- ◆ Catalogues,
- ◆ Price lists,
- ◆ Bulletins and booklets.

3. Personal Selling

Personal communication channel will be especially effective in targeting institutional and Industrial (construction companies) segments. Here the buyers are likely to be high information seekers and go beyond mass-media information, looking for deep and careful persuading. Personal face-to-face contact of the company's sales representatives with

Promotion

buyers in the offices or at the factory will provide effective feedback for further development of mutual interaction.

Although personal selling is the most expensive type of promotion (it includes transportation, logging, salespeople training costs and salaries), however we recommend the management of the Company to employ a personnel of *salespeople* to cover the institutional and industrial segments

- ◆ one inside salesperson
- ◆ 3 field salespeople (one for Yerevan, one for Earthquake Zone, one for regions suffered from military and attacks).

Estimated budgets for salespeople will be a flat payment of \$50 month salary, plus sales commissions 2% of the exercised sales by them.

- ◆ have relatively few customers ,
- ◆ with large volumes of orders (which justify the incurred costs)
- ◆ can be specifically defined and located, so demand less time, resources and efforts.

4. Publicity and Public Relations (corporate promotion approach)

This type of promotion is very effective in creating

- ◆ Favorable public image and
- ◆ Favorable climate for company's salespeople.

Promotion

Although not persistently, however we recommend Caritas Swiss WWF management to organize a tree planting campaign in order to insure from the potential charges of environmentalists straggling for forest preservation.

5. Promotional Budget Allocation

The estimated promotional budget for coming 3 years are as follows:

- ◆ \$15,341 in 1998 which comprises 3.8% of total sales in that accounting period;
- ◆ \$17,528 in 1999 which comprises 3.5% of total sales;
- ◆ \$18,869 in 2000 which comprises 3.1% of total sales.

Thirty seconds TV commercials will be demonstrated:

- ◆ In November, December, January, February and March - two days a week /once a day before "Lraber" information program and before a film.
- ◆ In spring, summer and fall months - two days a week / twice a day before "Lraber" information program.

Thirty seconds radio ads will be announced at "Republic Radio Station" or "Hi FM"

Station - twice a week / two times per day throughout the year.

Promotion

Newspaper Advertising will be posted in "Hayastani Hanrapetutyun" once a week throughout the year.

Design and publishing of a colored booklet in 1000 copies will cost \$ 2000.

The remaining 2,473 of the representation budget will be allocated to printing price list, registration at "Sahak Partev" computer map of Yerevan and other promotional activities.

Promotional Budget Allocation

	Units	Per Unit Cost in \$	Total Units	Total Cost in \$
TV commercial				1,000
TV advertising	minutes	200	38	7,600
Radio Ad	minutes	8	96	768
Newspaper Ad	cm ²	0.5	3,000	1,500
Booklet Design and publishing			1,000	2,000
Price lists and other material				2,473
Total cost				15,341

At the end of 1998 the performance of the company and achievement of marketing goals should be estimated. Based on these estimates the advertising and promotional campaign should be modified if needed.

FINANCIAL ANALYSIS

FINANCIAL ANALYSIS

Analysis the financial situation of Caritas Swiss WWF shows that company is working with losses. Factory's investments during 1996 were equal to 2,831,729 USD and in 1997 it increase up to 2,851,892 due to short term loans.

Factory's net sales as of 01.07.97 was 140,052.

Objective of the factory is to increase its net sales up to 600,000 at the end of century.

To obtain such results we recommend to make some changes (decrease infrastructure expenses, increase advertising budget), and all increases do with little percentages (Projected Income Statement and Balance Sheet for next three years are attached).

Following to suggested projections factory will made profits beginning from 1999, which will equal to 9,536 and will increase in 2000 up to 35,656 USD.

For approving the statements that factory can make profits and cover its losses we do some ratio analysis. For showing factories ability to meet its obligations we calculate current and acid-test (quick) ratios

$$\text{Current ratio} = \frac{\text{CurrentAssets}}{\text{CurrentLiabilities}} = \frac{2}{1}$$

$$\text{Acid -test (quick) ratio} = \frac{\text{MonetaryCurrentAssets}}{\text{CurrentLiabilities}} = \frac{2}{1}$$

These numbers show that factory is able to meet its obligations, and shows company's liquidity. It approve the fact that company can recover after making losses.

The next analysis is calculation of break-even point.

*Break-Even Analysis**Break-Even Analysis*

In order to compute the break-even point of the factory a precise information about the quantities of units sold from each brand annually, as well as detailed information about the cost structure of each brand is needed. Because of incompleteness of the information the project group made estimations on the weighted average unit price of Caritas Swiss WWF product, based on the obtained marketing research data.

The weighted average price that the target market is willing to pay is computed and taken as a base price in computing the break-even point.

$$\text{Weighted Average price} = \$ 75.665 \text{ (per m}^2\text{)}^{12}$$

Total revenue and total cost data are taken from the proforma income statement for the periods of 1997-2000.

Chart method of computing break-even is used. The equation of revenues and cost trendlines are estimated by using the Ordinary Least Square method with the help of TSP software program.

$$\text{Revenue Trendline Equation: } Y = 13,599.8 + 74.03Q$$

$$\text{Total Cost Trendline Equation: } Y = 201,023.02 + 43.99Q$$

Where Q = total amount of units sold per year.

So having a weighted average sales price of 75.665 for its production (including all brands in the proportions presented in the tables #11 and #12 of market research data)

¹² For detailed computations of weighted average price per 1m² see appendix # 5

Break-Even Analysis

Critas Swiss WWF will be able to break even earning \$ 472,083.15 sales revenues. Sales revenues over this figure will constitute pure profit. Working with this schedule the company will be able to cover its current losses and earn profit as of 30/12/1999 accounting period. Break even is calculated also by Equation Method.

Break Even Computed By Equation Method

Total variable cost includes only the material cost . The direct labor is considered as fixed cost because the company pays a flat salary to its direct labor.

Variable cost

Category	Cost in \$
Total Material	147,901
Unit material cost	35.46

Weighted AVG. price	75.65
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Units sold in sq.meters	4171.09
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Unit contribution	40.1914
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Fixed cost

Category	Cost in \$
Salaries	153,608
Interest expense	180
Repair	41,216
Fees	5,585
Infrastructure	17,475
Administration	10,910
Advertising	1,788
Other expenses	570
Total fixed cost	231,332

$$BE \ Q = FC / (P - VC) = 231,332 / 40.1914 = \mathbf{5755.76 \ sq. \ meters}$$

$$BE \ \$ = P * BE \ Q = 75.65 * 5755.76 = \mathbf{\$435.423}$$

Break-Even Analysis

Break Even computed by Equation Method is approximately the same as that computed by Chart Method. So we can confidently mention that the company faces a serious problem concerning the efficiency of production. Taking into consideration the fact that the full capacity of the Factory comprises approximately \$600,000(expressed in sales revenues) we strongly recommend the management urgently take measures to reduce fixed costs in order to be able decrease the break even level.

An alternative solution may be also increasing the weighted average price level, however higher prices may drive the customers to shift to the major competitors' products as there are companies such as Vanq, Mayisian, Asnavour-Armenia producing competitive quality/price product in the domestic market. The pressure exerted by substitute product producers such as Evrostan Uyut is also warning against price increases.

CONCLUSIONS AND RECOMMENDATIONS

CONCLUSIONS AND RECOMMENDATIONS

The following strategic course of action is considered to be as the most appropriate for the present situation for Caritas Swiss WWF:

- ◆ Enhance information services at Caritas Swiss WWF
- ◆ Create a marketing department that would coordinate all the marketing planning, market mix strategy developing.
- ◆ Establish total quality control system in the company in order to be able to sustain “High Quality Prestige Product Producer” image in the market.
- ◆ Reposition the image of the product in the minds of consumers as “High Quality Prestige Product - Affordable Price”.
- ◆ Get ISO 9000 Certificate
- ◆ Follow up the opinion of the product users in order to make adjustments in the marketing mix strategy best fitting to the customer demand.
- ◆ Adopt customer oriented marketing strategy.
- ◆ Increase customer awareness by systematic promotional campaigns.
- ◆ Establish well developed distribution channels, retail outlet and firm agencies in the major cities of the republic.
- ◆ Use price adjustments in the form of volume and seasonal discounts.
- ◆ In organizing production planning heavily rely on customized order processing.

Given the revenue objective of the Caritas Swiss WWF, affordable price ranges for the customers, market share maximization pricing strategy, it is recommended to lower the costs and prices. However it should not be achieved at the expense of quality.

- ◆ Extend the product line of the company. Introduce production of main product related items.

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TABLES

Table # 1

DATA OBTAINED FROM THE POTENTIAL MARKET SURVEY

Question 1

Have you ever heard of any door-window producing company?

Yes	No
66%	34%

Question 2

If yes, please tell the names of the companies.

Don't know the name	Individual producer	Evrostan.	Caritas	Masis	Mayisian	Vanq
44%	31%	15%	12%	5%	2%	1%

Market awareness of doors-windows producers by different regions.

	Don't know	Caritas	Evrostan	Individual producers	Mayisian	Myasnikian	Vanq	Masis	Total
Kapan	50%	0%	4%	43%	4%	0%	0%	0%	100%
Gyumri	9%	0%	39%	26%	26%	0%	0%	0%	100%
Vanadzor	43%	5%	3%	40%	0%	3%	5%	3%	100%
Abovian	57%	0%	9%	30%	0%	0%	0%	4%	100%
Artashat	62%	0%	0%	23%	0%	15%	0%	0%	100%
Yerevan	37%	16%	15%	22%	3%	5%	0%	2%	100%
Armavir	11%	0%	11%	67%	11%	0%	0%	0%	100%

Question 3

Production of what doors-windows producing company would you prefer to buy?

Individual producer	Indifferent	Evrostan	Russian	Foreign	Caritas	Masis	Mayisian	Vanq
		Uyut						
40%	21%	15%	7%	6%	5%	2%	2%	1%

Question 4

What is the main variable that will mostly affect you purchase decision on Doors -windows?

Quality	Price	Proximity
51%	45%	4%

Question 5

Are you aware of Caritas Swiss WWC product?

Yes	No
11%	89%

Question 6

Please assess Caritas Swiss WWC product by 5 grade scale (not product users).

Quality	Expensive	Wide choice
4.3 + 1.1	4.8 + 0.3	4.4 + 0.99

Question 7

How much Caritas Swiss WWC product may satisfy tour demand? (In the noted percentages)

10%	20%	30%	40%	50%	60%	70%	80%	90%	100%
0%	0%	0%	7%	21%	10%	3%	24%	21%	14%

Question 8

Are you willing to buy Caritas Swiss WWC product in the future? (No product users)

May be	No
71%	29%

Question 9

What material you prefer for doors- windows?

Wooden	Plastic	Aluminu m	Indifferen t
77%	13%	8%	2%

Question 10

In buying doors and windows what production would prefer?

Custom. order	Mass production	Indifferent
68%	30%	2%

Question 11

What is the highest price range that you will willingly pay for windows at 2m² size(In Us dollars)?

<100	100-149	150-199	200-249	250-299	300>
28%	44%	11%	10%	3%	5%

Question 12

What is the highest price range that you will willingly pay for a door (In us dollars)?

<100	100-149	150-199	200-249	250-299	300>
24%	33%	19%	9%	7%	7%

Question 13

Are you aware of "insulated vacuum windows" ?

Yes	No
51%	49%

Question 14

If yes, are you willing to buy such windows?

Vacuum	Standard
50%	50%

Question 15

What product accompanying services would you like to receive at door-window purchasing?

Install	Transport	Warranty	Indifferent
68%	63%	51%	4%

Question 16

Where from would you like to buy doors-Windows?

Firm-shop or agent	Factory	Shop	Indifferent
42%	29%	25%	4%

Question 17

What are your information media of obtaining industrial information?

TV	Word-of- mouth	News- paper	Billboard	Radio	Catalogue
71%	42%	21%	16%	10%	1%

Question 18

Which TV programs most often you watch?

News	Films	Concerts	Sport	3-rd Canal	Nork	Don't watch	0-2	Barev	Hingshabt i
68%	52%	35%	4%	4%	1%	3%	3%	1%	1%

Question 19

What Republic radio stations you most often listen?

Hai FM	Republic radio	Nostalgi	Don't listen	Evropa +	Yerevan radio	Stereo studia
37%	28%	28%	24%	18%	5%	4%

Question 20

What newspapers you most often read?

Don't read	Hayastani Hanrapet.	0-2	Eter	Azg	Golos Armenii	Haik	Noyan Tapan
45%	20%	13%	12%	12%	4%	2%	1%

Question 21

What type of humanitarian assistance you appreciate the most?

Assist Old people	Create jobs	Assist School	Assist Orphans	Assist Hospital s	Protect nature	Assist Soldiers	Assist Sport
43%	35%	28%	24%	16%	9%	7%	4%

Table # 2

Proforma Income Statement as of 1997-2000 (in USD)

	1997 (01.01- 01.07)	1997 (01.01- 31.12)	1998	1999	2000
Sales	\$ 168,062	\$ 386,544	\$ 483,179	\$ 603,974	\$ 724,769
Less VAT	\$ (28,010)	\$ (64,424)	\$ (80,530)	\$ (100,662)	\$ (120,795)
Net Sales	\$ 140,052	\$ 322,120	\$ 402,650	\$ 503,312	\$ 603,974
Expenses:					
Materials	\$ 70,762	\$ 141,524	\$ 155,676	\$ 171,244	\$ 188,368
Labour	\$ 65,432	\$ 163,580	\$ 188,117	\$ 216,335	\$ 248,785
Maintenance & Repair	\$ 5,852	\$ 14,630	\$ 16,825	\$ 19,348	\$ 22,250
Exchange rates & Bank charges	\$ 887	\$ 2,218	\$ 2,550	\$ 2,933	\$ 3,373
Fees	\$ 4,843	\$ 12,108	\$ 13,924	\$ 16,012	\$ 18,414
Infrastructure Expenses	\$ 10,395	\$ 17,820	\$ 22,273	\$ 25,727	\$ 30,872
Administrative Expenses	\$ 1,185	\$ 2,963	\$ 3,407	\$ 3,918	\$ 4,506
Advertising & representation	\$ 2,688	\$ 14,888	\$ 15,341	\$ 17,528	\$ 18,869
Various expenses	\$ 375	\$ 938	\$ 1,078	\$ 1,240	\$ 1,426
Non operational expenses	\$ 2,223	\$ 13,338	\$ 14,672	\$ 15,405	\$ 16,176
Total Expenses	\$ 164,642	\$ 384,005	\$ 433,862	\$ 489,690	\$ 553,638
Income before taxes	\$ (24,590)	\$ (61,885)	\$ (31,213)	\$ 13,622	\$ 50,936
Income tax	\$ -	\$ -	\$ -	\$ 4,087	\$ 15,281
Net Income (Loss)	\$ (24,590)	\$ (61,885)	\$ (31,213)	\$ 9,535	\$ 35,655

Table # 3

Proforma Balance Sheet as of 1997-2000 (in USD)

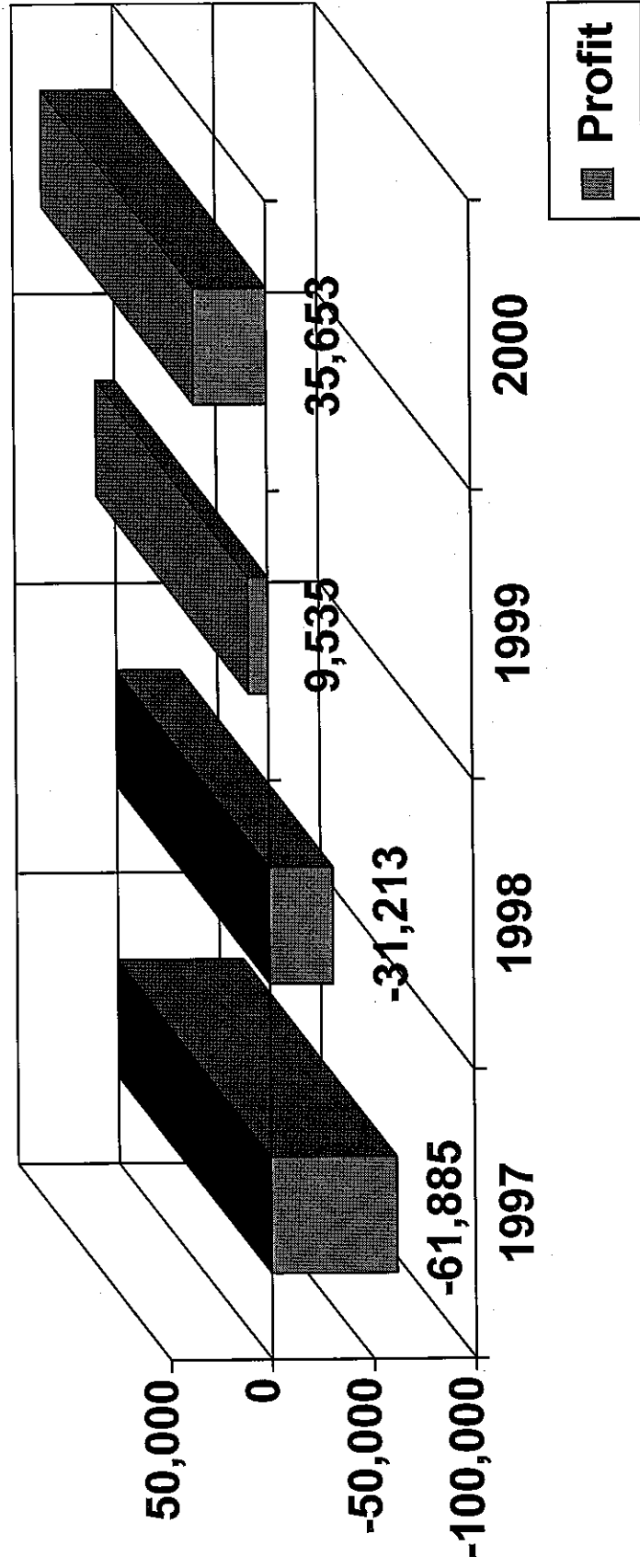
	1996	1997 (01.01-01.07)	1997 (01.01-31.12)	1998	1999	2000
Current Assets						
Cash	\$ 211	\$ 6,396	232.10	\$ 220	242.54	\$ 218
Bank Account	\$ 1	\$ 4,533	2.15	\$ 2	2.25	\$ 2.5
Debtor Customer	\$ 29,416	\$ 24,036	30,004.32	\$ 28,504	31,354.51	\$ 34,490.0
Other Debtors	\$ 1,040	\$ 200	832	\$ 790	948.48	\$ 1,043.3
Advance Payments	\$ 4	\$ 18	3.60	\$ 3.24	3.56	\$ 3.9
Stock	\$ 308,398	\$ 308,398	\$ 242,461	\$ 214,815	\$ 219,541	\$ 250,299
Total Current Assets	\$ 339,070	\$ 343,581	\$ 273,535	\$ 244,335	\$ 242,092	\$ 286,097
Fixed Assets						
Land	\$ 736,745	\$ 736,745	\$ 736,745	\$ 736,745	\$ 736,745	\$ 736,745
Building & Building Installations	\$ 1,035,108	\$ 1,035,108	\$ 1,035,108	\$ 1,035,108	\$ 1,035,108	\$ 1,035,108
Main Equipment for Production	\$ 91,593	\$ 91,593	\$ 91,593	\$ 91,593	\$ 91,593	\$ 91,593
Vehicles	\$ 2,344	\$ 3,064	\$ 3,064	\$ 3,064	\$ 3,064	\$ 3,064
Office Equipment	\$ 12,582	\$ 12,582	\$ 12,582	\$ 12,582	\$ 12,582	\$ 12,582
Intangible Assets	\$ 59,296	\$ 59,296	\$ 59,296	\$ 59,296	\$ 59,296	\$ 59,296
Machinery Not in Production	\$ 186,838	\$ 186,838	\$ 186,838	\$ 186,838	\$ 186,838	\$ 186,838
Low Value Inventory	\$ 214,097	\$ 214,097	\$ 214,097	\$ 214,097	\$ 214,097	\$ 214,097
Organization Costs	\$ 2,339,604	\$ 2,339,324	\$ 2,339,324	\$ 2,339,324	\$ 2,339,324	\$ 2,339,324
Total Fixed Assets	\$ 2,677,874	\$ 2,682,985	\$ 2,612,859	\$ 2,583,659	\$ 2,591,416	\$ 2,625,381
Total Assets	\$ 2,677,874	\$ 2,682,985	\$ 2,612,859	\$ 2,583,659	\$ 2,591,416	\$ 2,625,381
Liabilities						
Advance Payments	\$ 13,716	\$ 29,011	14,505.50	\$ 15,376	14,607.04	\$ 13,877
Settlements	\$ 18,263	\$ 12,689	19,033.50	\$ 20,176	19,166.73	\$ 18,208
Short Term Loan CA CH	\$ 137,149	\$ 157,249	\$ 157,249	\$ 157,249	\$ 157,249	\$ 157,249
Long Term Loan CA CH	\$ 169,877	\$ 169,877	\$ 169,877	\$ 169,877	\$ 169,877	\$ 169,877
Total Liabilities	\$ 339,005	\$ 368,826	\$ 380,665	\$ 382,677	\$ 360,900	\$ 359,211
Owner's Equity						
Joint-Venture Funds	\$ 2,524,766	\$ 2,524,766	\$ 2,524,766	\$ 2,524,766	\$ 2,524,766	\$ 2,524,766
Retained Earnings (Loss without Depreciation)	\$ (186,097)	\$ (210,687)	\$ (272,572)	\$ (303,785)	\$ (294,250)	\$ (258,595)
Total Owner's Equity	\$ 2,338,669	\$ 2,314,079	\$ 2,252,194	\$ 2,220,981	\$ 2,230,516	\$ 2,266,171
Total Liabilities & Owner's Equity	\$ 2,677,874	\$ 2,682,985	\$ 2,612,859	\$ 2,583,659	\$ 2,591,416	\$ 2,625,381

GRAPHS

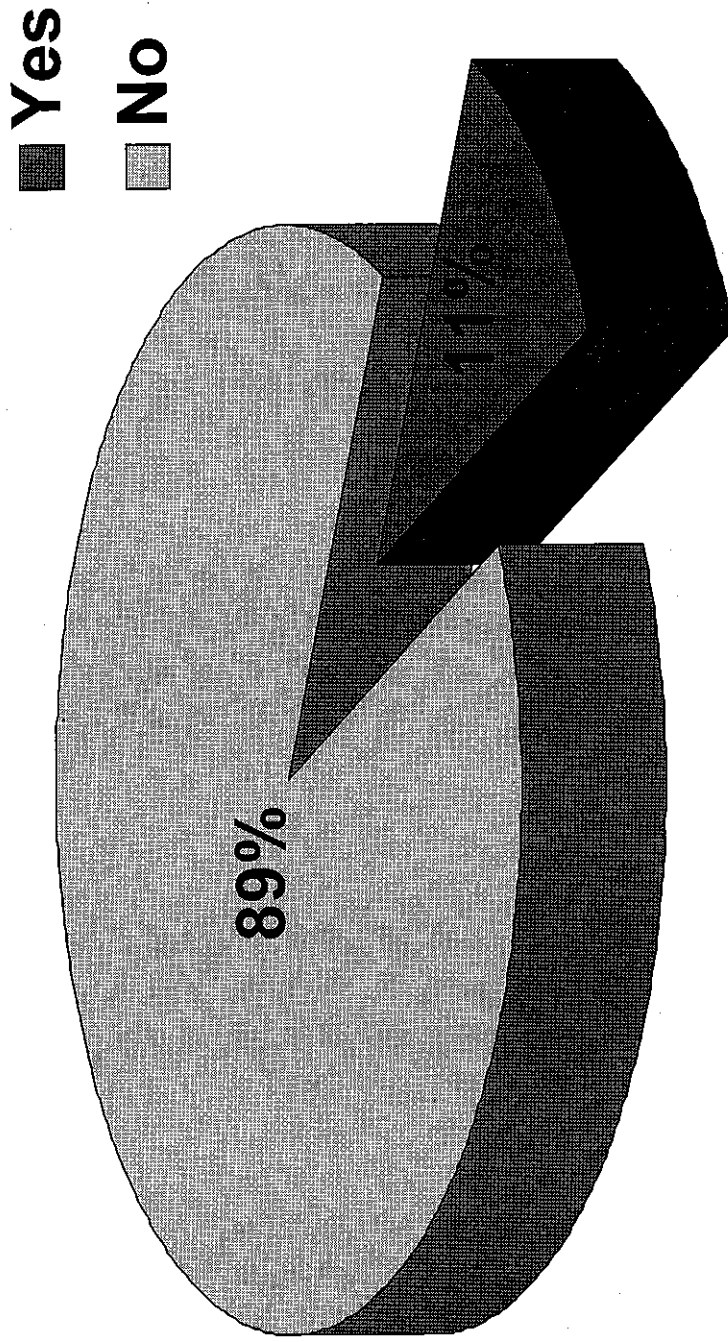
Projected Net Sales of the Company for 1997-2000



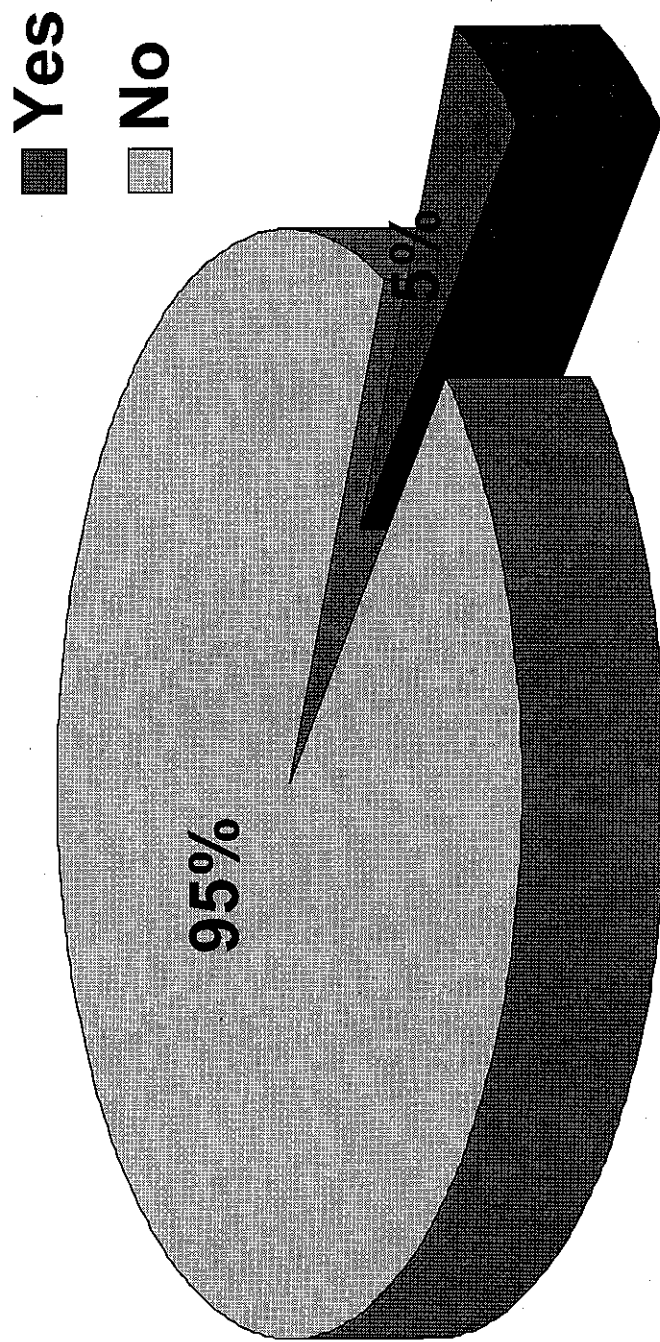
Company's Projected Profits for 1997-2000



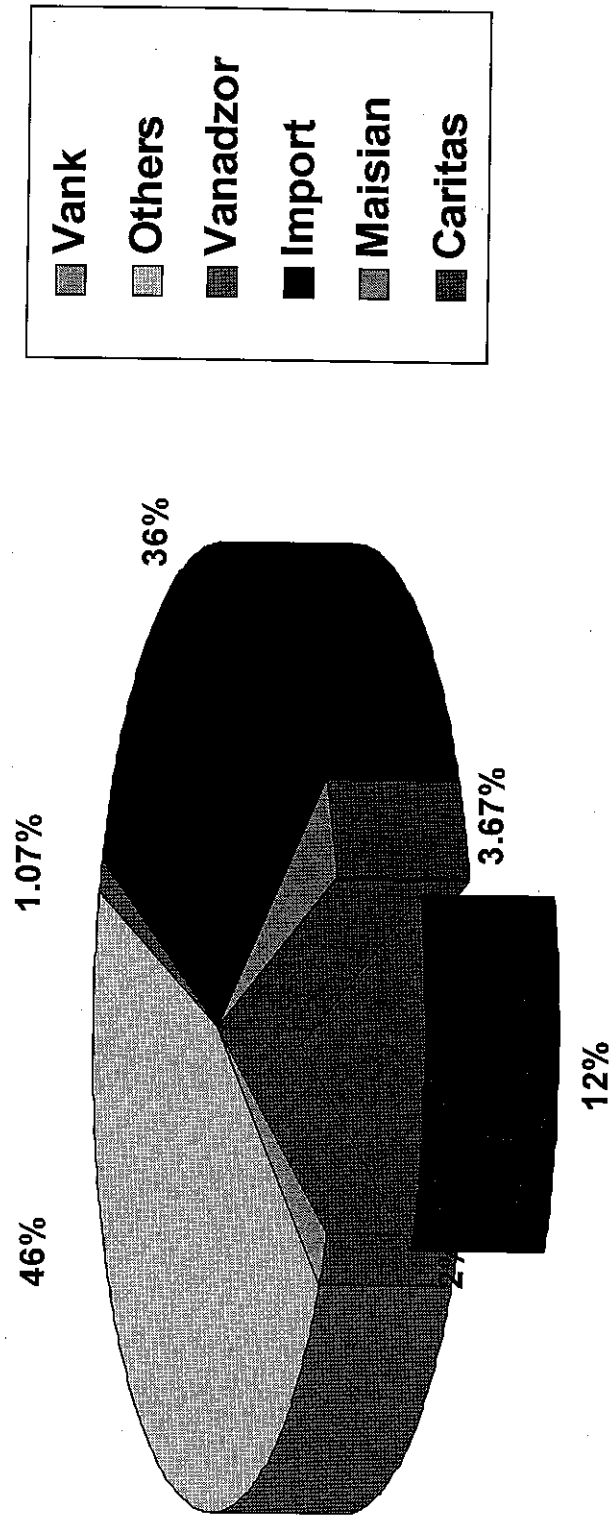
Consumers' Awareness about Factory's Product



Consumers' Willingness to buy Factory's Product



Factorys' Market Share



EXHIBITS

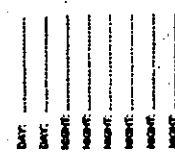


Exhibit # 2

SWISS QUALITY

CARITAS

ARMENIAN MASTERY

Exhibit #3

SWISS QUALITY

CARITAS

ARMENIAN MASTERY

APPENDICES

Appendix # 1

The sample size for the research is determined by one of the traditional statistical methods. On the basis of a pilot question : "What is the highest Price that you are willing to pay for a window with 2m² surface?"

The obtained answers are.

80; 80; 100; 100; 100; 100; 110; 110; 120; 130; 130; 140; 150; 160; 170; 180; 190; 200; 200; 210; 220; 250; 250; 250; 250; 350;

Sample size is computed by the equation:

$$N = \frac{(Z * \sigma)^2}{e^2}$$

where: Z = confidence coefficient = 1.96 (at confidence level of 95%)

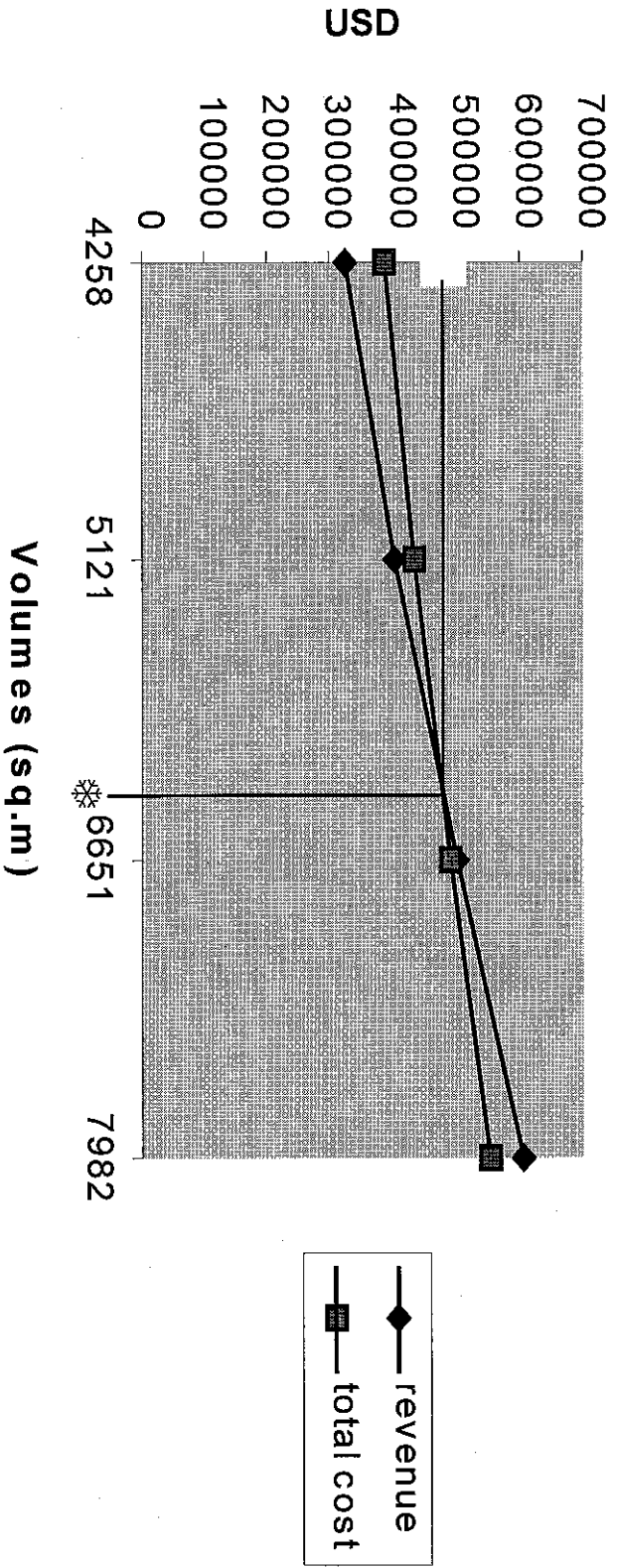
σ^2 = sample variance (is computed = 4567.538)

e = allowable error (is set at 7)

$$N = \frac{(3.8416 * 4567.538)}{49} = 358$$

So the sample size for the research is 358.

Break Even Analysis



B-E in volumes = 6239.12 sq.m

B-E in USD = 472,083.15

ՎԵՅՑԱՐԱԿԱՆ ՀԱՍՏԱՐԱԿ / SWISS ECO

\$/m² ~ 40.-

w pine; only planed; 2 casements; glass battens; no glass; wooden sill bead; 4 ANUBA hinges; bolts and 2 simple locks and handles; approx. 1 m²

• joints; rubber	2.- /m
• glass; transparent; material & fixing; 2 x 4 mm; w/o silicon	29.- /m ²
• glass; transparent-brown; material & fixing; 2 x 4 mm; w/o silicon	39.- /m ²
• glass; brown-brown; material & fixing; 2 x 4 mm; w/o silicon	49.- /m ²
• glasspac; transparent; material & fixing; 4/16/4 mm; w/o silicon	49.- /m ²
• glasspac; transparent-brown; material & fixing; 4/16/4 mm; w/o silicon	59.- /m ²
• glasspac; brown-brown; material & fixing; 4/16/4 mm; w/o silicon	69.- /m ²
• glass joints GYSO	1.50 /m
• flat panel; 2 side; wood; more value	9.- /m ²
• relief panel; 2 side; wood; more value	19.- /m ²
• lock system ROTO; 3-point; w. white alu handle; more value	29.- /pc
• tilt & turn system ROTO	59.- /pc
• sill bead; aluminium profile; more value	16.- /m
• knot repairing & filler & sanding	9.- /m ²
• ground paint; white	9.- /m ²
• cover battens for ECO; max.60 x 20 mm	0.70 /m
• fixed frame; ECO; approx. 1m ²	28.- /m ²

ՎԵՅՑԱՐԱԿԱՆ ՍՏԱՆԴԱՐՏ / SWISS STANDARD

\$/m² ~ 80.-

w. ground paint; knot repaired and sanded; 2 casements; glass battens; no glass; minimum sill bead; rubber joints; 4 ANUBA hinges; 3-point lock system ROTO; white alu handle; approx. 1 m²

• glass; transparent; material & fixing; 2 x 4 mm; w/o silicon	29.- /m ²
• glass; transparent-brown; material & fixing; 2 x 4 mm; w/o silicon	39.- /m ²
• glass; brown-brown; material & fixing; 2 x 4 mm; w/o silicon	49.- /m ²
• glasspac; transparent; material & fixing; 4/16/4 mm; w/o silicon	49.- /m ²
• glasspac; transparent-brown; material & fixing; 4/16/4 mm; w/o silicon	59.- /m ²
• glasspac; brown-brown; material & fixing; 4/16/4 mm; w/o silicon	69.- /m ²
• glass joints GYSO	1.50 /m
• silicon seal	2.- /m
• flat panel; 2 side; wood; more value	29.- /m ²
• relief panel; 2 side; wood; more value	39.- /m ²
• tilt & turn system ROTO	59.- /pc
• paint; white finishing	12.- /m ²
• cover battens for STANDART; max.60 x 20 mm	1.20 /m
• fixed frame; STANDARD; approx. 1m ²	39.- /m ²
• sill; white ground paint; knot repaired & sanded; 32 mm thick; rounded edge	19.- /m ²

EXTRA

• fixed round on basic price and glasspac	30%
• opening rou on basic price and glasspac	50%
• any size or shape, number of casements	on inquiry
• natural lime; no knots; lasur	16.- /m ²
• natural pine; no knots; lasur	29.- /m ²
• natural oak; on basic SWISS STANDARD price+panel	60%
• natural nut; on basic SWISS STANDARD price+panel	120%
• per cross on basic price and glass work	10%
• other color than white	on inquiry

QUANTITY PRICING (on basic price)

• 1 pcs per item	30%
• 2 - 4 pcs per item	10%
• 4 - 9 pcs per item	exact
• 10 - 19 pcs per item	-10%
• 20 - 49 pcs per item	-18%
• 50 - more pcs per item	on inquiry

MONTAGE

• per window transport NOT included

28.- /pc

> PRICES EX FACTORY <

> VAT (20%) must be added on ALL PRICES <

ՎԵՅՆԱՐԱԿԱՆ ՀԱՍՏԱՐԱԿ / SWISS ECO

\$/m² ~ 40.-

CONTER or GUBISCH; 42mm; pine or lime; frame & shutter with 1 flat panel; only planed;
not repaired or sanded; 2 Anuba hinges; no locks

• cross; horizontal or vertical; for ECO	7.- /pc
• relief panel; square; 2 sides; for ECO	7.- /pc
• lock opening	5.- /pc
• joints; rubber	2.- /m
• glass; transparent; material & fixing; 4 mm; more value	9.- /m2
• glass; brown; material & fixing; 4 mm; more value	19.- /m2
• mirror; material & fixing; more value	mirror on inquiry
• glass joints	1.50 /m
• knot repairing & filler & sanding	19.- /m2
• ground paint; white; both sides	19.- /m2
• cover battens; for ECO; max 60 x 20 mm	0.70 /m

ՎԵՅՆԱՐԱԿԱՆ ՍՏԱՆԴԱՐՏ / SWISS STANDARD

\$/m² ~ 55.-

CONTER or GUBISCH; 42mm; pine or lime; frame & shutter with 1 horizontal cross and 2 flat panels;
not repaired, sanded and ground paint; 3 Anuba hinges; prepared for lock

• cross; horizontal or vertical; for STANDARD	9.- /pc
• relief panel; square; 2 sides; for STANDARD	9.- /pc

FLAT; 42mm; pine; frame & shutter with double DSP and timber edges;
sanded and ground paint; 3 ANUBA hinges; prepared for lock

\$/m² ~ 50.-

• joints; rubber	2.- /m
• glass; transparent; material & fixing; 4 mm; more value	9.- /m2
• glass; brown; material & fixing; 4 mm; more value	19.- /m2
• mirror; material & fixing; more value	mirror on inquiry
• glass joints	1.50 /m
• paint; white finishing; both sides	25.- /m2
• paint; other color finishing	on inquiry
• cover battens; for STANDARD; max 60 x 20 mm	1.20 /m
• embrasure	15.- /m2

ՎԵՅՆԱՐԱԿԱՆ ԵՔԵՂ / SWISS LUX

\$/m² ~ 157.-

CONTER or GUBISCH; 42mm; oak or ash frame w. cover batten & shutter with 1 horizontal cross and
2 flat panels; sanded and varnished; 3 ANUBA hinges; rubber joints; prepared for lock

• in nut wood	60.- /m2
• cross; horizontal or vertical; for LUX	14.- /pc
• relief panel; square; 2 sides; for LUX; oak / ash	12.- /pc
• relief panel; square; 2 sides; for LUX; nut	18.- /pc

FLAT; 42mm; oak or ash frame w. cover batten & shutter with double DSP;
oak/ash edged and veneered; varnished; 3 Anuba hinges; prepared for lock

\$/m² ~ 104.-

• nut edges and veneer	25.- /m2
• glass; transparent; material & fixing; 4 mm; more value	9.- /m2
• glass; brown; material & fixing; 4 mm; more value	19.- /m2
• mirror; material & fixing; more value	mirror on inquiry
• glass joints	1.50 /m
• embrasure	28.- /m2

EXTRA

• round top	on basic price and glasspac	50%
• 52 mm thickness for outside door	pine	15.- /m2
• 52 mm thickness for outside door	oak / ash	29.- /m2
• any size or shape, number of shutters		on inquiry

QUANTITY PRICING (on basic price)

• 1	pcs per item	30%
• 2 - 4	pcs per item	10%
• 4 - 9	pcs per item	exact
• 10 - 9	pcs per item	-10%
• 20 - 9	pcs per item	-18%
• 50 -	more pcs per item	on inquiry

MONTAGE

• per door of approx. 2 m2	transport NOT included	38.- /pc
----------------------------	------------------------	----------

> PRICES EX FACTORY <

> VAT (20%) must be added on ALL PRICES <

09.09.97

CALCULATION OF RETURN ON INVESTMENTS

Return on Investments was calculated for 1998-2000 years according to projected Income Statement and Balance Sheet.

$$ROI = \frac{NetSales}{TotalInvestments}$$

$$ROI(1998) = \frac{402,650}{(157,249 + 169,877 + 2,524,766)} = 0,11$$

$$ROI(1999) = \frac{503,312}{(157,249 + 169,877 + 2,524,766)} = 0,14$$

$$ROI(2000) = \frac{603,974}{(157,249 + 169,877 + 2,524,766)} = 0,21$$

Weighted Average Price

Calculation is based on the market research data in the tables #11 and #12 that present the percentage-proportions of the target market willing to pay the price within certain price ranges that correspond to the prices of the different Caritas Swiss WWF brands.

Windows

Price	Rate	Weight
80	0.28	22.40
125	0.43	53.75
175	0.11	19.25
225	0.10	22.50
275	0.03	8.25
350	0.05	17.50
Weighted average price for 2m ²		143.65
Weighted average price for 1m ²		71.83

Doors

Price	Rate	Weight
80	0.24	19.2
125	0.34	42.5
175	0.19	33.25
225	0.09	20.25
275	0.07	19.25
350	0.07	24.5
Weighted average price for 2m ²		158.95
Weighted average price for 1m ²		79.5

Estimated weighted average price for Caritas Swiss WWF products = $\frac{71.83 + 79.5}{2} = 75.65$ per

1m²