

AMERICAN UNIVERSITY OF ARMENIA
College of Business and Management

HUNTSMAN - ARMENIA CORPORATION



MARKETING PLAN

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EXECUTIVE SUMMARY

Huntsman-Armenia Corporation, JSC was established in 1991 by Huntsman Family and Armenian Government in order to help Armenians to recover regions which suffered from the earthquake. The factory was equipped with a unique technology for pre-stressed concrete panel production. Due to several impediments and absence of enough marketing Huntsman-Armenia Corporation has delayed its break-even period until the end of 1998. Thus, for further growth, Huntsman-Armenia Corporation has chosen the objectives of product diversification and appropriate marketing for all produced products. Besides, Huntsman Family decided to widen the scope of its humanitarian aid in Armenia and they are willing to give \$ 10 million credit to Armenia for 400 apartments building purpose in the Earthquake Zone cities - Gjumry and Spitak.

Product diversification intended production of plastic pipes and concrete roof tiles. But during market research for the plastic pipe production it was revealed that in this industry Huntsman-Armenia Corporation will have one or even two strong competitors. One of them has already made an agreement with German company for plastic pipe production equipment acquisition. Due to a small market in Armenia and neighboring countries the final decision was to stop further works on the plastic pipe project.

The concrete roof tile production will be successful because of the uniqueness of this product: there is no such kind of production in Armenia. Besides, the competitors are not strong enough.

Due to the most modern of its kind facility used for production pre-stressed concrete panels Huntsman-Armenia Corporation's panels have higher quality than the competitors' products. Thus, through suggested marketing Huntsman-Armenia Corporation could enhance market

awareness about quality of prestressed concrete panels and increase its market share from 20% to 50%, and introduce then advertise a new product - roof tile.

Huntsman Family provided \$10 million budget for House Building project. 400 apartments should be build based on the cost of 1 sq.m. living space. For this project realization the tender should be announced among those architectural firms and construction organizations that are already informed about this project.

During all work it is necessary to rely on strengths and competitive advantage, be careful of the weaknesses and try to change them into strengths, be creative to the threat and opportunities, and also use the following philosophy – “Do right things rather than things right”.

These projects could be successfully began and finished through right implementation and monitoring thus creating an additional opportunity to achieve all objectives.

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INTRODUCTION

In 1991 the Huntsman- Armenia Corporation plant was completed and dedicated to produce pre-stressed extruded reinforced concrete made panels. The technology used by Huntsman- Armenia Corporation, which comprises the cornerstone of product quality, is unique in Armenia. Due to of several obstacles and not enough marketing Huntsman- Armenia Corporation could not increase its market share in this industry and has delayed its break-even period until the end of 1998.

At the beginning of August the company had several goals which were so interrelated that in total they comprise a unique goal. This goal realization will create an opportunity for company's further growth. These goals were as follows:

1. Marketing of currently produced panels;
2. Product diversification goal, through establishment of plastic pipe production and concrete made roof tile production;
3. Realization of humanitarian aid, that is construction of 400 apartments in the Earthquake Zone.

At the beginning emphasis was put on market research for plastic pipe production and for preliminary research of house building costs. Later, it was revealed that in plastic pipe production Huntsman- Armenia Corporation would have a reasonably strong competitor; one that already has an agreement with a German company for acquiring plastic pipe production equipment. Based on this information and taking into account the small size of market, the final decision was to stop further work on the pipe portion of the overall project.

Then the efforts were directed toward the house building project, the roof tile project, and the marketing of panels.

BACKGROUND

Huntsman is a term used to refer collectively to the Huntsman companies - Huntsman Chemical Corporation, Huntsman Corporation, Huntsman Speciality Chemicals Corporation, Huntsman Packaging Corporation - as well as the Huntsman joint ventures. While ownership of the Huntsman companies varies, Jon M. Huntsman is chairman of each and he and his family hold the substantial majority of shares.

Huntsman's roots date back to the early 1970's when Huntsman Container Corporation pioneered more than 80 innovative plastic packaging products. During years it has become the nation's largest privately held chemical company. Its operating companies manufacture basic products for the chemical, plastics, detergent, personal care, rubber and packaging industries. Originally known for pioneering innovations in packaging, and later, rapid and integrated growth in petrochemicals, Huntsman-held companies in 1994 had \$ 3.4 billion in combined annual revenues, over 7,300 employees at 81 locations worldwide, in 23 countries.¹ Today its revenues are \$ 4.3 billion from multiple locations worldwide.² Huntsman has well defined mission statement and quality policy, which are communicated to employees actively (see Appendix 1).

Huntsman had a significant contribution for humanitarian aid in Armenia. After disastrous earthquake Huntsman sponsored equipment, financial assistance, medical advice and aid from teams of American physicians. Later, in 1993 and 1994, when Armenia experienced a severe fuel and food shortage Huntsman distributed 26,000 containers and 50,000 cases of food. In 1990 Huntsman - Armenia Corporation, a state-of-the-art pre-cast concrete plant, was founded by Huntsman and Armenian Government to build housing for 100,000 homeless people. Initial investment made by Huntsman was \$ 4 million (now the investment amount increased to \$ 8 million). It started to operate since 1991. The proportion of shares at the beginning was equal. Now Huntsman has 85% of company's shares and Armenian Government has 15% of shares. Huntsman - Armenia Corporation uses both western and local accounting systems. Both accounting systems usage is advantageous for company because it is one of double checking mechanisms.

Operating capacity in general is 84, 000 linear metres annually. But usually the plant operates at 35.7% of its capacity - 30,000 linear metres annually.

¹ "Huntsman" Booklet; 1994.

² <http://www.huntsman.com/products/products.htm>

The main suppliers are:

Cement - Ararat Cement Factory, Hrazdan Cement Factory;

Sand - Araxavan Factory, Hoktemberian Factory;

Gravel - Eghvard Factory, Aramis Factory.

SITUATION ANALYSIS

A. POLITICS

Several years ago Armenia was considered to be a country with a great risk for investment. One of the major reasons for that was political instability. But now the political situation is more stable. Additionally, there is a truce between Armenia and Azerbaijan concerning Nagorno-Karabagh problem.

B. SITUATION TWO MONTHS AGO

Market research for plastic pipe production was done. At the beginning details about Armenian Government's pipes replacement project with a \$ 35 million total budget was found. It was obvious that from this budget only \$ 25 million should be real invested fund, which includes not only plastic pipe acquisition but also reconstruction works. (For more information see Appendix 2). Further market research revealed that the main competitors were "POLYPLAST" JSC and "ELASTIC" company producing plastic pipes here in Armenia and imported plastic pipes from Iran and Turkey. The main competitor was "POLYPLAST" JSC, which has operated more than a year. During the process of getting the price list of "POLYPLAST" factory's products, (see Appendix 3), it was found that SIL Concern has controlling interest of this company and currently collaborates with "COSMOPLAST" - one of the members of plastic product producers' group ("DECODUCT", "INTERPLAST" are also the members of this group). In the future, cooperation with "DECODUCT" is also expected.. It became apparent that one organization from Armenia is going to acquire a modern technology for plastic pipe production from Germany. After that information obtained the Huntsman concluded that the "POLYPLAST" company or some other significant company would become a potential competitor. Thus the competitors in plastic pipe production industry could be one strong competitor in face of "POLYPLAST" company, which already has experts and working experience in this industry, or two strong competitors - "POLYPLAST" company with its experience and the other company which will acquire the modern technology and hire appropriate experts. In both cases the time factor plays an essential role. It is already late to

enter this industry. It would not be profitable to have one or two strong competitors for so small market as Armenia even when taking into account neighboring countries as a part of the market. That is why the final decision was to cancel the plastic pipe project.

C. CURRENT SITUATION.

1. PANELS.

1.1. General Situation.

Overall expansion of the Armenian economy is leading to the growth of construction industry as well. An increase in the volume of construction and rehabilitation in both individual and institutional sectors cause the industry growth. According to the preliminary calculations capital construction works for the next two years would be almost 75 billion Dr or \$ 150 million.³ This means that expected revenues from construction materials production will grow gradually.

The main product produced by this company is a pre-stressed concrete panel. The facility used here is among the largest and most modern of its kind in the world, which allows the company to produce higher quality than the market standards. Besides, it can produce one-half million square feet of pre-cast slabs annually. Now the company operates at around 50 % of its full capacity.

The plant has autonomous electricity supply. There is a central heating system which is not employed because of high cost. The company has 52 employees.

1.2. Competitors

The main competitors are # 5, # 6, # 7, # 8 Concrete Factories, Factory of Large Panel Housebuilding, Charentsavan Concrete Factory, "HAICOOP" Concrete Factory, "TRANSTROY" Concrete Factory, "INTER" LTD.

1.3. Problems

The Huntsman- Armenia Corporation now has several problems:

- ◆ **High prices.** The prices of panels are 25-30% higher than market prices of competitors' products.
- ◆ **Low market share.** The Huntsman- Armenia Corporation has 20 % of market share.
- ◆ **Long break-even period.** The break-even period has lasted almost seven years since 1991. Panel production should break-even by the end of 1998.

³ Interview with Levon Hovsepian, Chief of the Financial Department, Ministry of Urban Development.

There are two main reasons for these problems:

1. The shadow economy is a serious obstacle for the company's operation and further expansion. That is: the competitors use unregistered raw materials or they do not keep the standards for concrete made products, and, consequently sell products cheaper than legally produced products are priced.
2. The Huntsman- Armenia Corporation products' quality is much higher than the competitors' products' quality, but that is not recognized throughout the market. There has not been enough marketing to inform the public and emphasize the quality.

As a result of shadow economy the company could not use the low cost/ low price strategy for panel production, but it can successfully employ the differentiation strategy due to the high quality of its product. The sole way to cope with these impediments is enhancing the customers' awareness about the product's quality. That is why the right marketing of currently produced products has a vital role for company now and especially for product line diversification goal in the near future.

2. ROOF TILES

2.1. The General Situation

As it was already mentioned above (C.1.1.) the increasing volume of capital construction works creates a great possibility for having revenue growth from 1999 for panel production and high revenue for roof tile production. Even though there is not any governmental program for roof tile replacement, the care of residential buildings is going to be realized by population themselves through "Community Ownership Associations". These organizations could be funded by grants and credits from humanitarian and foreign organizations in combination with contributions of the residents themselves.

In Armenia there is not any concrete roof tile production. In concrete roof tile production Huntsman - Armenia Corporation can gain a first mover advantage thus satisfying the consumer needs successfully compare with the competitors in the same industry. For this goal realization the following actions should be taken:

1. To establish a new company of concrete tiles production.
2. To sign a contract with a POWEL Automation Limited in the UK for the TM Concrete Roof Tile Extruders acquisition which will cost \$ 1.5 million (see Appendix 4).
3. To have POWEL Automation Limited engineers' consultation about choosing a site for factory location which will be in the same territory as the Huntsma - Armenia Corporation.
4. To finish all preliminary works (equipment set up, workers' training, etc.) by the end of March and start the production of roof tiles in April thus meeting the customers' need on time, i.e. in the beginning of construction works' season.
5. To use the economy of scale technique in raw materials' acquisition for roof tile production: the raw materials for panels and concrete made tiles are generally the same.

2.2. Competitors

The main competitors are local firm "ALUMINIUM FACTORY" - aluminium sheets, asbestos sheets made locally; aluminium sheets imported from Belorussia and Bulgaria, imported clay tiles of Turkish production; metalosheets imported from Finland, Norwegian production of metalosheets imported from Dubai; zinc-coated and black iron sheets imported from Russia.

2.3. Predictions

For 1m² space coverage 10 tiles will be used. According to the calculations given in the Appendix 5, the cost of 1m² concrete roof tile will be 670 Dr or \$ 1.34-\$1.5. The range for roof tiles' prices either produced locally or imported from Russia, Bulgaria or Turkey for 1m² is \$ 1.76/\$ 2.67 - \$ 5/ \$ 8 (Appendix 6). Consequently, even having 100% mark up (\$ 2.68 - \$ 3) will position concrete roof tile price among the lower prices in the mentioned price range. The predictions for concrete roof tile production is as follows: total investment is \$ 1.5 million, market demand for roof tiles with long lasting life and reasonable price will be enough for having break-even period of two years.

2.4. Competitive Advantages

- ◆ Unique product.
- ◆ Low price.
- ◆ High entrance cost for competitors.

2.5. Advantages for the Roof Tile Production

- ◆ Increasing volume of construction works in Armenia.
- ◆ *Good quality of product:*
 1. Long-lasting life of product compare with competitors products.
 2. Ease in storage and arranging (see Appendix 7).
 3. Concrete roof tile is a good heat insulator when compared with metallic roof tiles: it keeps roof from overheating in the summer and it does not transfer the outside low temperature.
- ◆ Cheaper raw materials based on a economies of scale technique in raw materials acquisition: raw materials generally are the same for both panel and roof tile production.
- ◆ Low transportation costs, which could be achieved through transporting two product tiles

and panels on the same trucks.

- ◆ Emphasis on getting market awareness about currently produced products will prepare a base for new product introduction, and simultaneously product line expansion in the same industry will assist getting more awareness among customers.

2.6. Disadvantages for the Roof Tile Production

- ◆ High weight of roof tiles - 10 tiles (1m^2) has 50 kg weight. This increases the volume of logs used as a base for tiles.

3. HOUSE BUILDING

3.1. Introduction

After the disastrous earthquake in 1988 many families were left homeless. Already a decade has passed from those awful days but still there are a lot of problems concerning house construction and providing people with apartments even with minimum living conditions. The Huntsman Family, having special feelings about the Armenian people, is willing to widen the scope of its activities in Armenia to provide humanitarian aid in this area too.

The Project Purpose. The house building project purpose is to build residential houses in the centres of Giumry and Spitak for people who became homeless in the result of the earthquake.

3.2. Situation Analysis

3.2.1. *The General Situation. The Living Space Demand Identification.*

After the earthquake thousands of families were left homeless. Since 1988 till now the following house building works were done in the Earthquake Zone:

- ◆ The number of new constructed apartments - 17.712.
- ◆ The number of strengthened damaged buildings - 2,350.

In August, 1998, the Ministry of Urban Development issued a Draft of "Paramount Program of the Earthquake Zone's Reconstruction". Based on this program there are four categories of damaged house buildings: increased number of category presents the level of required repair:

- ◆ **First category** - the buildings have few damages and repairs are not so urgent.
- ◆ **Second category** - the buildings have more damages and repairs are required.
- ◆ **Third category** - these buildings simply have standing walls and it is impossible to live there. The buildings need strengthening and reconstruction. The general policy of government is to reconstruct these buildings and to rehabilitate the families left their apartments after earthquake.
- ◆ **Forth category** - these buildings should be destroyed completely in order to build new ones.

The government is trying to solve the house building problem in the Earthquake Zone through several ways, for example, strengthening of third category buildings, providing people with a credits for house building by themselves. That is, to use all means not requiring large amount of investments,, to help people. Currently, in general, in Armenia there are 103,000 families needing apartments. Needy families are considered to be those whose houses either were destroyed or their houses are in the third or in the forth category buildings lists. According to the Draft, 26,267 apartments with the 1,778.2 thousands square metres total living space should be built in the Earthquake Zone from which 14,686 apartments (944.2 thousands sq.m.) in Giumry and 3,025 apartments (185.6 thousands sq.m) in Spitak.

3.2.2. The Situation of Neutral Organizations (The Government and Others)

Currently the government and the other organizations are doing the following amount of construction and reconstruction works: 894 apartments with 62.3 thousands square metres total living space (these projects generally are financed by the World Bank and "Armenia"

Foundation). Besides, there is also a problem of maintenance of 59 million square metres of living spaces that already exist in Armenia. Due to the scarcity of financial resources for maintenance there is a loss of 1-2% of total value of living spaces or 1 million sq.m. per year.⁴

According to the house building optional rules, all new buildings should not have more than five stories because Armenia is in a seismic region.

⁴ 3.2.1: 3.2.2 - Interview with Kamo Khachatryan, Chief of the Department of Apartment Policy, Urban Development Ministry, August, 1998.

3.2.3. *Our Situation, Sources of Inputs and Costs*

Nearly all construction materials could be acquired in Armenia, which will lower the costs. The list of average market prices of construction materials was acquired from the Ministry of Urban Development. The efforts should have direction to the usage of locally produced materials as much as possible. From this policy Armenia will benefit in two ways:

1. Money paid for acquisition will remain in Armenia.
2. Transportation costs would be omitted which will decrease costs and consequently increase the volume of construction works.

3.3. The Project Implementation

Through the office founded under the legislation of the Republic of Armenia, the Huntsman Family will sign a memorandum with the Government of the RA, pursuant to which and in collaboration with the Government of RA the Huntsman Family will choose construction lots in centres of cities of Giumry and Spitak to build residential houses. The buildings will consist of 400 apartments, accordingly 200 apartments in each city. The residential buildings will consist of one, two, three, and four room apartments. The first floors of the buildings will be used also as a business space.

For house building project realization the tender should be announced. For this purpose the available architectural firms' and architects' names are listed in the Appendix 8.

For the list of all necessary documentation for starting construction see Appendix 9.

3.4. Financial Source and House Construction's Break-Down Costs

The main source of this project realization is donation of the Huntsman Family - \$ 10 million. This fund includes costs for 400 apartments and all other service costs as well. That is why the scenario analysis is required.

For house construction breakdown costs see Appendix 10 and Appendix 8 also. According to

the best case scenario the cost of 1 sq.m. is \$ 150 and for the worst case scenario - \$ 250. The total cost for the best scenario is \$ 4,875,000 and for the worst scenario is \$ 8,125,000 taking into account the number of rooms of apartments and their total living spaces.

3.5. Human Resource

The human resource management is very important for Armenia, because people used to have the old Soviet period mentality. During Soviet period there were several problems such as being paid in spite of the quality of performed work, negligent approach to the tasks, dishonesty, etc. The transition period has changed the people's attitude toward their jobs but not for all categories of workers (especially for line workers). That is why selection of the architectural and construction companies and their control should be organized very carefully.

3.6. Selection of Beneficiaries

The future beneficiaries of the buildings should be the families who suffered from the earthquake and also the people listed by the local governments to be provided by apartments. The criteria for selection of beneficiaries will be defined by Huntsman pursuant to the RA legislation and will be published in the media. The committee established by Huntsman, who will consist of the representatives of Huntsman and local authorities, will carry out the selection of applicants and matching the criteria of beneficiaries.

~~Lease agreements will be signed with beneficiaries.~~

The lease payments are presented in the Figure 1:

Number of Rooms	Monthly Payment
<i>First 10 Years</i>	\$ 1
<i>After 10 Years</i>	
One Room Apartment	\$ 10
Two Room Apartment	\$ 12
Three Room Apartment	\$ 14
Four Room Apartment	\$ 16

Figure 1.

3.7. Project Implementation Term

House Building project will be implemented during 1998 - 2001.

3.8. The expected results

This project is designed to construct 400 apartments. The realization of this project would help 400 needy families to get a durable roofs over their heads. The realization of this project will help those families significantly and will enable them with opportunities to concentrate their efforts to support other needs of their families thus realizing the Latin proverb, that is "Homo hominis amigus est", which means "The human being is relative to another human being".

OBJECTIVES AND STRATEGY.

A. Panel and Roof Tile Productions

1. a stronger reputation with customers;
2. market share increase in the panel production from 20% to 50% and getting a major market share in the roof tile production;
3. recognition as a leader in technology;
4. broader or more attractive product line;
5. ability to compete in the region of neighbouring countries.

B. House Building.

This project objective is to build for needy families in the Earthquake Zone as much durable and comfortable apartments as possible for the provided fund. To achieve this objective the following strategic actions should be taken:

- I. To decrease the costs by
 - ◆ using own products and all available local products with moderate or high quality;
 - ◆ getting government assistance, which could be realized through
 1. supplying vehicles and equipment;
 2. exemption from all taxes in case of importing products and/or equipment;
 3. assistance in providing all utility means.
 - ◆ hiring people with know-how skills, with great sense of responsibility and commitment;
 - ◆ using economies of scale.
- II. To operate as quickly as possible.
- III. To emphasize on selection of right people for apartments.

The government assistance, establishment of Operating Committee, construction of house buildings' complexes, acquisition of other materials locally, skilled management are the other factors for lowering total construction costs,

SWOT ANALYSIS

A. Potential Internal Strengths

- ◆ almost ten years operational experience in Armenia;
- ◆ excellent skills in manufacturing high quality products;
- ◆ the only company using this new technology in Armenia;
- ◆ worldwide reputation;
- ◆ product diversification - production of prestressed concrete panels, and production of roof tiles, possibility of other ceramic products in future;
- ◆ low cost of roof tiles and low cost of panels in the future;
- ◆ skilled CEO experienced in Ukraine - one of former Soviet Republics.

B. Potential Internal Weaknesses.

- ◆ absence of marketing department;
- ◆ weak market image;
- ◆ weak distribution network.

C. Potential External Opportunities.

- ◆ ways to expand product line to meet broader range of customer needs;
- ◆ ability to transfer skills or know-how experience to new products and new construction business;
- ◆ to grow rapidly because of strong increases in market demand.

D. Potential External Threats.

- ◆ adverse shifts in foreign exchange rates and trade policies of foreign government;
- ◆ vulnerability to recession and business cycle.
- ◆ shadow economy operating outside of legal environment;
- ◆ bureaucratic nightmare of Armenian Institutions;
- ◆ inconsistent quality of raw materials ranging from satisfactory to unacceptable.

MARKET SEGMENTATION, TARGETING AND POSITIONING.

Having good insight into the current and potential customer base is a matter of great importance to the company's management. The concrete-made panels, which are already produced, and roof tiles that should be produced in the near future, may comprise an important part of every new building construction. This fact has several advantages, which are as follows:

- Advertisement and promotion of all these products could be done at the same time.
- Simultaneous advertisement and promotion will spread some marketing expenses over more product.
- Transportation expenses also should be decreased due to distribution of all three products on the same trucks. Now it is not cost effective to transport panels to the regions because a truck could carry only six panels which makes panel costs too high for regional distribution. Adding other product to the same load reduces transportation cost per unit.
- Having a customer for one of the two products will create an opportunity for selling other products also.

Market segmentation and product positioning are closely linked strategies designed to allocate marketing resources to define target segments and to communicate product benefits to meet customer needs. Successfully practising market segmentation and positioning, Huntsman-Armenia Corporation can expand market size and improve profitably for prestressed concrete-made panels and penetrate roof tile market.

- Market segmentation will help the company find its primary target and consider secondary targets as the most profitable segments. The conducted market research has revealed the following factors.
- With an improving economy, increasing volume of construction, and increasing income levels, the size of the market is slowly growing.
- The main customers will be the government, contractors realizing construction contracts with local and non-local organizations.
- Although the product and services of the company will be offered throughout the republic, at the beginning the geographical location of the potential customer is considered to be mainly Yerevan. Later, after intensive product promotions in several regions (generally in the Earthquake Zone and cities like Vanadzor, Ijevan, Echmiadzin, Ashtarak, Hrazdan, Armavir, Gavar, etc.), it will become cost effective to distribute both products simultaneously to those

regions.

Analysis of these factors has led to the following proposal for market segmentation:

SEGMENTATION	TARGET MARKETS
<p>Product Usage (Sectors)</p> <ul style="list-style-type: none"> • Institutional/residential • industrial • commercial 	<ul style="list-style-type: none"> • institutions and individuals involved in construction process • construction companies • specialized stores for roof tiles
<p>Geographic</p> <ul style="list-style-type: none"> • Domestic 	<ul style="list-style-type: none"> • Yerevan initially • Earthquake Zone • Regions that have suffered from military attacks
<p>Benefit</p> <ul style="list-style-type: none"> • Product Features 	<ul style="list-style-type: none"> • high quality • long-lasting life • heat insulation (tiles)

Figure 2.

Directing its marketing efforts towards these target segments, the company will increase its 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 Huntsman- Armenia Corporation (panels) is perceived as high-priced product. This is an important point of reference when purchase decisions are made. Buyers' perception of quality and prestige are often directly proportional to an item's price. They expect to pay more for the best product. However, the company should work to modify its product position to create an image of **prestige quality at an affordable price**. A new promotional campaign will serve this purpose.

PROMOTION

A. Advertising

A significant problem Huntsman- Armenia Corporation faces is its low recognition in the market place. So the marketing communication has an important role for the panels' marketing and for the new products' marketing as well. The communication and promotion program consists of the following steps:

- ◆ identifying target audience;
- ◆ set communication objectives;
- ◆ design message;
- ◆ select communication channels;
- ◆ decide on the mix of promotions;
- ◆ develop total advertising budget.

1. Target Audience Identification

For target audience identification see Figure 2.

2. Communication Objectives

Communication objectives of the program will be:

- ◆ to build awareness about Huntsman- Armenia Corporation and its total product line, delivered services, the location of its agencies and other distribution capabilities;
- ◆ to educate potential customers about the features and benefits of each brand, their prices and the service delivery capabilities of the company;
- ◆ to build customer preference of safe and firm panels, heat insulating tiles over products made by soviet technology (panels) and low quality products imported from Russia, Belorussia, Turkey (roof tiles).
- ◆ to modify the position of Huntsman- Armenia Corporation products in the minds of potential customers as "high quality prestige product at affordable prices".
- ◆ to lead customers to positive purchase decision.

3. Message Design

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 placed on the product differentiation employed in the factory tailored to meeting the specific needs of different targets. Below several advertising messages are presented:

Build your "Ojakhs" with Huntsman- Armenia Corporation's products.

Do you want safe roof over firm foundations? Build your houses from Huntsman- Armenia Corporation's products.

Improve your prospects of surviving disasters with high quality Huntsman- Armenia Corporation's products.

Huntsman- Armenia Corporation - extra quality - prestige product - reasonable price.

Enjoy Huntsman- Armenia Corporation's quality for many years.

American quality and Armenian entrepreneurship create enduring homes for you!

4. Marketing Actions

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

Print 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. Industrial Directories will be the most effective advertising medium.

A powerful personal communication channel is the social channel of so called word-of-mouth influence. It is very important channel because both good-news as well as bad news spread through this channel equally effectively. Social channel will be functional in all targeted segments.

5. Advertising Campaign

Advertising campaign will be conducted through TV, especially local TV stations, radio, Industrial Directories, Internet, exhibitions, videocassette about production and quality testing, inprinted logos in the products.

- ◆ TV is the most effective tool for advertisement, so it should be used most heavily but judiciously. Central TV ads should be repeated during one week with a one month break from the middle of spring till the middle of fall. During winter TV advertisements would not be effective. The commercials should be placed before "Lraber" News Program and films, when the targeted audience is the largest. It would be better to have commercials also by program "Business TV".
- ◆ Local TV ads should be repeated more intensively than by National TV.
- ◆ Radio advertisements also will support creation of the company's image. It could be done three times in a week by radio stations like Republic Radio Station, Hi FM, Nostalgia, Europe Plus, Radio Burg, Ardzagank.
- ◆ Continued registration in Industrial Directories like "Spouir" and registration in other new published directories will build outspread company image. The registration in "Spouir" requires written contract and the services includes: registration in the book "Ventures and Organisations of Armenia - activities, products and services", which places the information about a company - products, services available, addresses how to get information; free of charge information providing to public or organizations about company by telephone; providing a diskette with recent information by request; providing information about company in the Internet.
- ◆ Having a homepage in the Internet will be effective. Now more and more organisations have access to the Internet and Huntsman- Armenia Corporation homepage will create an opportunity for them to get needed information through Internet.
- ◆ The idea of exhibition-demonstration should be put into practice. That is: exhibition-demonstration rooms should be organized in the factory itself and in the Earthquake Zone as well (on the ground floor of one of the buildings that will be constructed). They will be designed for demonstration of panels (room should not have inside reconstruction), roof tiles - with an unfinished completion-condition. The main goal of these demorooms is to show potential customers products in use and demonstrate their quality.
- ◆ Demonstration as a promotional idea for the further market expansion will include the following: to rent a space as a demoroom, by allowance of city mayor to reconstruct one building which is not in a usage; or to supply all kinds of products free of charge for one building construction in order to have this building as a demonstrative place.
- ◆ The whole production process of all kinds of products will be recorded on a videocassette with an emphasis on quality testing. Later our house building construction process during

which all Huntsman - Armenia Corporation's products should be used also will be recorded on a videocassette. This idea will serve as a long-term promotion: after construction, the condition of buildings should be recorded in order to show the quality of used products. These videocassettes will be demonstrated in the demorooms, in other exhibitions, by salesperson and other times when it would be necessary.

- ◆ Roof tiles and plastic pipes will have inprinted logos. It will have three goals: to support company image creation; to protect from knockoffs; to keep responsible for own products.

B. SALES PROMOTION

The sales promotion has an important role especially in the institutional segment.

Two recommended techniques are the use of catalogues and the use of discounting.

Catalogues. Each catalogue is a unique tool because it is a reference document: when making a purchase decision, buyers refer to catalogues for comparisons of specifications, prices, credit terms in order to screen potential suppliers. Catalogues serve also as a tool for salespeople.

Catalogues should have:

- ◆ the cover with company logo and main message communicated by advertising campaign;
- ◆ the table of contents;
- ◆ general company background - history, policies;
- ◆ illustrated information for each product line, where the quality of products should be emphasised;
- ◆ service pages including services offered when product is purchased, distribution modes, locations, how to get information.

The catalogues should be used intensively especially when dealing with government people from Ministry of Construction and Urban Development, or with the potential customer - organizations, i.e. people who make decisions to buy products.

Discounting is another form of sales promotion, which is successfully used by the company and should be used in the next future. Due to seasonal character of products it would be useful to apply a seasonal discounting practice (approximately 5-10%) during wintertime, which will help maintain sales levels.

C. PERSONAL SELLING.

In targeting institutional and industrial (construction companies) segments the personal selling will be especially effective. Through this kind of communication potential customers will have an opportunity to get more detailed information. Although personal selling is the most expensive type of promotion (it includes transportation, salespeople training costs and salaries), face-to-face contact usually is the most effective way of any kind of communication. For the starting point hiring one salesperson should be effective enough.

Estimated budgets for salesperson will be a flat payment of \$100 monthly salary, plus sales commissions 2% of the exercised sales by him or her.

D. 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 salesperson. This promotion will be realized through house building construction in the Earthquake Zone: five buildings with 40 apartments in each will be constructed in Gjumry and Spitak respectively and will be used on a condominium basis by families who suffered from the earthquake.

E. PROMOTIONAL BUDGET ALLOCATION.

National TV advertisement: thirty seconds TV commercials will be aired. One week at the beginning of each month for seven months with April an continuing through October twice a day before "Lraber" information program at 20.30 and 23.30.

Local TV: thirty seconds commercials will be aired 2 times daily throughout the year.

Radio: thirty seconds radio ads will be announced at "Hi FM", "Europe Plus" stations - twice a week / two times per day throughout the year.

Catalogue: design and publish a colored catalogue in 3,000 copies at a cost of \$2,000.

The remaining \$3,060 will be allocated to register at "Spouir" Information Agency, to printing price lists, to payment for rent, and other promotional activities.

For total advertising costs see Figure 3 below:

	Units	Cost per Unit, \$	Total Units	Total Cost, \$
Central TV commercial	30 sec	\$100	98	\$9,800
Local TV commercial	30 sec	\$0.6	730	\$438
Radio AD	30 sec	\$2	416	\$ 832
Catalogue design and publication		\$ 0.6	3,000	\$1,800
Videocamera	1	\$400	1	\$400
VCR	1	\$350	1	\$350
TV	1	\$300	1	\$300
Continued registration in "Spuoir"				\$60
Price Lists, design of demorooms and others				\$3,000
Total Cost				\$16,980

Figure 3.

At the end of 1999 the performance of the company and achievement of marketing goals should be estimated. Based on these evaluations the advertising and promotional campaign should be modified if needed.

RECOMMENDATIONS

- ◆ Enhance information services at Huntsman- Armenia Corporation.
- ◆ Create a marketing department that would coordinate all the marketing planning, marketing strategy developing.
- ◆ Reposition the image of the product in the minds of consumers as “High quality prestige product at affordable price”.
- ◆ Plan for ISO 9000 Certificate in the future.
- ◆ Always make adjustments in the marketing mix strategy in order to meet customer demand as successfully as possible.
- ◆ Use intensive promotional campaign for getting increased customer awareness.
- ◆ Establish well developed distribution channels and demoplaces gradually in the major cities of Armenia and in the neighboring countries also.
- ◆ Use price adjustments in the form of volume and seasonal discounts.
- ◆ Appropriate advertisement for introduction of new product.
- ◆ Through right management get employees’ feelings being proud of working for Huntsman.

BIBLIOGRAPHY

1. "Huntsman" Booklet, 1994
2. <http://www.huntsman.com/products/products.htm>
3. Interview with Levon Hovsepian, Chief of the Financial Department, Ministry of Urban Development.
4. Interview with Kamo Khachatryan, Chief of the Department of Apartmental Policy, Ministry of Urban Development, August, 1998.
5. Interview with Gagik Khachatryan, Deputy Minister of Urban Development, September, 1998.
6. Interview with Andranik Andreasian, Deputy Minister of Water Supply Issues, September, 1998.
7. "Contemporary Marketing", Boone&Kurtz, seventh edition, 1992
8. Contacts and interviews with several organizations and private persons.

APPENDICES

APPENDIX 1

HUNTSMAN

MISSION STATEMENT

We are dedicated to giving our customers the finest quality and service available. Our customers are valued partners who permit us to remain in business and we are privileged to serve their needs.

OUR MISSION

- ◆ We will operate safe, clean, efficient facilities in an environmentally and socially responsible manner.
- ◆ We will provide a work environment that fosters teamwork, innovation, accountability and open communication.
- ◆ We will place into society assistance for those who suffer, hope for those who may need inspiration and education, for those who may feel the challenge but do not have the means.

We have an aggressive growth philosophy which reflects the spirit of free enterprise and maximization of long term profits, the best motives for creating mutual benefits for customers, employees, suppliers and the communities in which we are located.

OUR VALUES

- ◆ We believe the ethical and moral standards are the foundation of good business policies, and will operate with integrity.
- ◆ We strive for participation management and employee involvement at all levels because each employee is an associate in our business and a vital part of our family.
- ◆ We recognize the basic contribution of each individual and will provide opportunities for personal growth and development. Benefits and compensation will reward performance both individually and collectively.
- ◆ We subscribe to these principles and strive every working day to improve their application.

QUALITY POLICY

Huntsman associates dedicated to providing quality products and services that consistently meet our customers' requirements and expectations through our commitment to excellence and continuous improvement.

APPENDIX 2

THE RESULTS OF INFORMATION SEARCH FOR PLASTIC PIPE PROJECT.

The questions were:

- 1. Government is going to realize pipe replacement project with \$ 30 million budget. What are the sources of this project?*
- 2. How is this project going to be realized?*

The answers are:

1. The pipes' replacement project has \$ 35 million budget from which \$ 30 million is a World Bank's credit and \$ 5 million is Armenian Government participation.

National Assembly already has approved the credit of World Bank. Since September 15, 1998 it should be started.

The credit of World Bank has given by IDA without any interest , for 35 years, from which 10 years is considered to be a grace period. For the remaining 25 years only service cost should be paid which composes only 0.5%.

2. For this project realization a "Program Management Office" was formed which is managed by Avoian Varazdat (Phone Number is 26.64.10).

This project should be realized through two steps:

2.1. Immediate program (\$ 5 million). The projections should be finished at the end of September and it should be started from the 1st of October. This program includes replacement of pipes of two districts: Achapniak and Davitashen. The bidding should be announced for pipe production. There is no clear-cut answer what kind of pipes should be acquired but there is a tendency for plastic pipe acquisition. This program should be finished at the middle of 1999.

2.2. In July, 1999 the bidding should be announced for realization of \$ 20 million pipe replacement project, which will last four years and projected cost for this program is \$ 5 million. This \$ 20 million also includes the acquisition of pipes. The bidding process should be held among foreign private companies.

Team leader of this pipe replacement project is Yan Drozd from the World Bank (Phone number - (202) 473.23.48 Washington).

The remaining \$ 5 million should be used as a financial support to cover all owed money to the "water-Sewerage Company", etc.

Thus, the total investment fund is \$ 25 million (\$ 5 million + \$ 20 million) from the \$ 35 million.

General Information:

Plastic pipes are produced locally or they are imported from Russia and Iran. Iranian, Russian and Chinese businessmen are interested in collaboration with local organisations for plastic pipe production locally. There are several companies in Armenia, which look for foreign partners for this purpose.

Plastic pipes are produced in Iran, China, Russia, Chekhia. The main competitors are the neighboring countries Russia and Iran.⁵

⁵ All these information gained from the interview of Andreasyan Andranik, the First Deputy Minister for Water Supply Issues, Ministry of Urban Development.

APPENDIX 3
PRICE LIST OF "POLYPLAST" JSC

ПОЛИПЛАСТ
АКЦИОНЕРНОЕ ОБЩЕСТВО

Республика Армения,
375026, г. Ереван,
ул. Одессы, 2

Тел. (8852) 443242 директор В. Маржарян
(8852) 441633 зам. дир. Р. Алексанян
Факс АТТ (3742) 151714

ПЕРЕЧЕНЬ ВЫПУСКАЕМОЙ ПРОДУКЦИИ

* для справок						
N	Наименование	Емкость	Вес* г	Размеры* мм	Примечание	Стоимость драм
П/п		л (кг)				
1.	Пленка полиэтиленовая, прозрачная, матовая или цветная	-	-	толщина 0,14-0,2 ширина до 2800	в виде трубы, размер по заказу	п/м 140-180 1кг. 840-870
2.	Бочка-канистра	100	3300	Ф460 h680		4500
3.	" "	50	2300	Ф380 h560	" "	3000
4.	Канистра	20	1225	430 x 300x200		1400
5.	" "	10	900	410x255x130		900
6.	" "	5	400	270x180x140		450
7.	" "	3	300	250x160x120		360
8.	Бак (с двумя ручками)	45	1850	Ф420 h500	с крышкой	2400
9.	" "	25	1200	Ф380 h360	" "	1500
10.	Ведро	17	800	Ф330 h320	" "	1100
11.	" "	12	445	Ф300 h270		600
12.	" "	10	710	Ф270 h290	с крышкой	800
13.	" "	8	400	Ф275 h255		480
14.	" "	5	260	Ф230 h205		390
15.	" "	5	340	Ф210 h220		420
16.	" "	3	185	Ф200 h180		250
17.	Ящик для овощей и фруктов	(10)	430	460x300x160		600
18.	" "	(8)	400	450x300x100		480
19.	Стойка для овощей и фруктов 4-х этажная	(32)	2700	450x300x960	на колесах	3600
20.	Корзина для овощей и фруктов	(30)	970	Ф480 h340	также для белья	1200
21.	Корзина для мусора	большая	315	Ф280 h300		390
22.	" "	малая	220	Ф245 h235		300
23.	Тазик	10	440	Ф360 h150		420
24.	Тара для паст и сыпучих веществ	0,75	80	Ф95 h160		90
25.	Тара для жидких веществ	0,5	70	Ф70 h225		90
26.	Кувшин со спец крышкой прозрачный или цветной	2	225	Ф130 h225	для воды и соков	300
27.	Расческа	-	17	малая		30
28.	" "	-	25	средняя		50
29.	" "	-	40	большая		70
30.	Комплект расчесок	-	82	-	в упаковке	150
31.	Тара для бутылок 0,33 л 24-х местная	-	1750	440x295x270		1740
32.	Вешалка для одежды	-	90	ширина 430		80
33.	Сумки, пакеты и мешки полиэтиленовые для хозяйственных нужд	-	-	размеры по заказу	прозрачные цветные	1кг -1000 1кг -1200

34.	Линолеум цветной с подосновой	-	-	ширин 1500	рисунок паркетный	2500/кв.м
35.	Коврики ПВХ для автомобилей ВАЗ и т.п.	-	-	-	-	960
36.	Сифон для раковин	-	380	-	полный комплект	540
37.						
38.	Сифон для ванн	-	420	-	"	650
39.	Бачок для унитаза	-	2300	-	"	4200
40.	Трубы полиэтиленовые химически стойкие	-	п/м 1200	Ф 4"	для ремонтно-строительных нужд	875/1000
41.	"	-	п/м 600	Ф 2"	"	425/500
42.	"	-	п/м 400	Ф 38	"	410/440
43.	"	-	п/м 330	Ф 32	"	400/430
44.	"	-	п/м 240	Ф 28	"	330/360
45.	"	-	п/м 110	Ф 25	"	150/180
46.	"	-	п/м 170	Ф 20	"	240/260
47.	Отвод	-	570	Ф 4" - 90, 135	"	660/740
48.	Тройник	-	830	Ф 4" - 90, 135	"	900/1000
49.	"	-	110	Ф 2" - 90	"	120/160
50.	Тройник-переходник	-	600	Ф 4" x 4" x 2" - 90, 135	"	780/840
51.	"	-	940	Ф 4" x 4" x 2" - 90, 135	"	1080/1200
52.	Крестовина	-	1060	Ф 4"	"	1200/1320
53.	Муфта	-	420	Ф 4"	"	420/480
54.	Переходник	-	360	Ф 4" x 2"	"	420/480
55.	Шайки комплект	30 шт	100	Ф 28		120
56.	Ящик для овощей и фруктов складной	(15-20)	1000	480x350x245		1400-1500
57.	Бак с двумя ручками	70	2400	Ф 480 h 580		3000

APPENDIX 4

PROFORMA INVOICE FOR TM CONCRETE ROOF TILE EXTRUDERS ACQUISITION

POWEL Automation Limited

Commerce Way, Lancing
West Sussex, BN15 8TA
England

Tel: +44 1903 762 700
Fax +44 1903 763 652

Page 1 of 1

PROFORMA INVOICE 970158
Date 9.9.98.

Our Contract ref

VAT Registration No. GB 209 8042 68
Engineers and Consultants

To

Huntsman-Armenian Corporation,
49 Artsakh Str.,
Yerevan,
Republic of Armenia.

Your Order

Dated

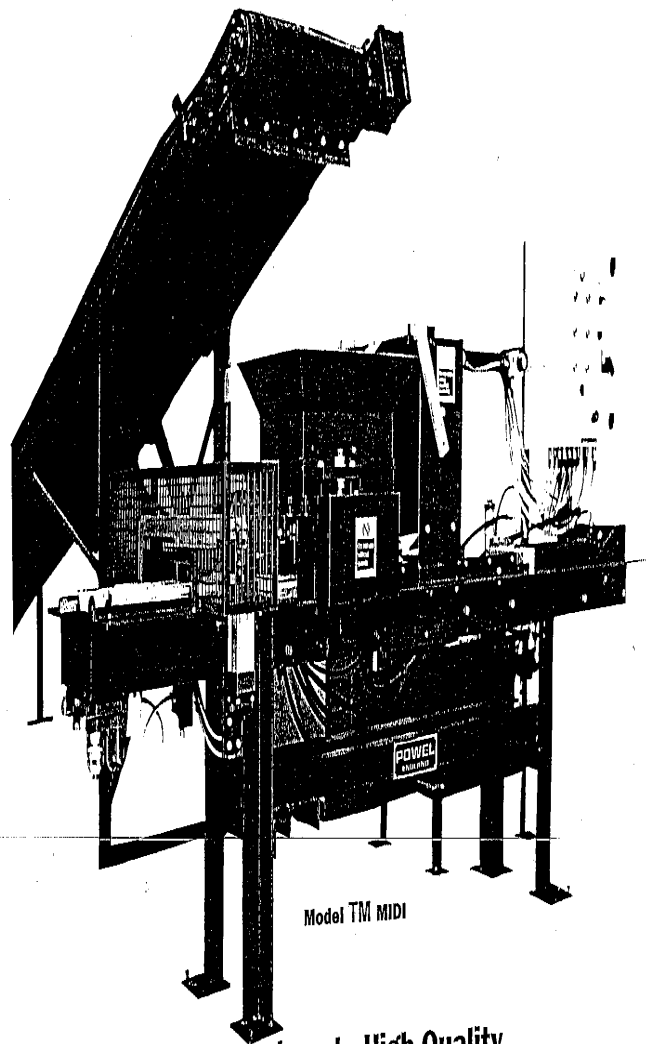
Your ref Mr. R. Harrison

Forwarded per Sea Freight

Item	Description	Price £ Sterling
NEW CONCRETE ROOFTILE MANUFACTURING EQUIPMENT		
1.	TM Major Extrusion Machine	£31,970.00
2.	Infeed Conveyor System	£16,250.00
3.	Outfeed Conveyor System	£4,660.00
4.	Mixing Equipment	£53,288.00
5.	4000 Aluminium Concrete Rooftile Pallets - Double Roman	£42,120.00
6.	TM Minor (R) Ridge Tile Extrusion Machine	£11,500.00
7.	200 Aluminium Concrete Ridge Tile Pallets	£4,320.00
8.	Ridge Tile Depalleter	£1,365.00
9.	Spare & Wearing Parts	£6,331.15
10.	Strapping Machine	£1,875.00
11.	Compressor (3 Phase)	£825.00
12.	Installation, Commissioning & Training	£6,200.00
13.	Carriage, Insurance & Freight	£8,125.00
Total Price Ex Works Items 1 - 13		
CIF Bandar Abbas (Uncleared)		£188,829.00
<p>Bank Details: Lloyds Bank Plc., 171 North Street, Brighton, Sussex. Account No. 0219294 Sort Code: 30 91 25 Swift: LOYDGB2LA.</p> <p>The expiry date of this Proforma Invoice is 9th December 1998 Terms & Conditions as per Quotation # 98433 Dated 9th Sept. 1998. For and On Behalf of Powel Automation Limited</p> <p align="right"><i>J. K. D. A.</i></p>		

TM Concrete Roof Tile Extruders

240 - 1,000 Per Hour



Model TM MIDI

Low Investment - High Quality
Robust Design & Construction
Simple Operation & Maintenance

POWER Automation Limited

APPENDIX 5

1M² ROOF TILE COST CALCULATIONS.

100m² - 1000 Roof Tiles.

Item Name	Unit	Number of Units	Cost per Unit, (Dr)	Total, (Dr)
Sand	m ³	2.4	1000	2,400 Dr
Cement	t	1	18,750	18,750
Oil	l	10	200	2000
Water	m ³	370	45	20,25
Electricity	kvt	20	25	500
Amortization				25,000
Payroll				4,000
Insurance				1,200
Color and Others				2,000
Total				55,870
VAT 20%				67,044
Cost of 1m³				670 Dr or \$1.34-\$1.5

APPENDIX 6

PRICE LIST OF COMPETITORS FOR ROOF TILE PRODUCTION.

Information gained during summer.

Today iron, zinc - plate lists, aluminize slates are received from Russia, Bulgaria, Turkey.

Item	Size	Price	Price (1m ²)	Country
Zinc-plate	0.5mmx1mx2m	\$10	\$5	
Aluminium Slate	0.9mx2m	\$ 8 - \$9	\$4.40 - \$ 5.00	
Black Iron	0.5mmx1mx2m	\$ 6	\$3	Bulgaria, Russia
	0.6mmx1mx2m	\$ 7	\$ 3.5	
	0.7mmx1mx2m	\$ 8	\$ 4	
Corrugated Asbestos Board	1.1mx1.7m	\$5 - \$ 6	\$ 2.67 - \$ 3.2	

Information gained during October.

Organization	Item	Size	Price	Price (1M ²)	Country
"Kanaz" JSC (Aluminium Factory) ⁶	Aluminium Sheets	0.6x550x2000mm	\$ 5.95	\$ 5.41	Armenia
		0.6x875x2000mm	\$ 8.5 / \$ 6.3	\$ 4.86/ \$ 3.6	
"Ararat Cement Factory"	Asbestos Sheets	1.15x1.75m	\$ 3.53 or 1,800Dr	\$ 1.76	Armenia
Armenian-American Housebuilding Org-n	Metalloshifer	0.55x1000x710 mm		\$ 4 - \$ 8	Russian, Turkish
		0.8x1000x710 mm		\$ 6 - \$ 8	Russian

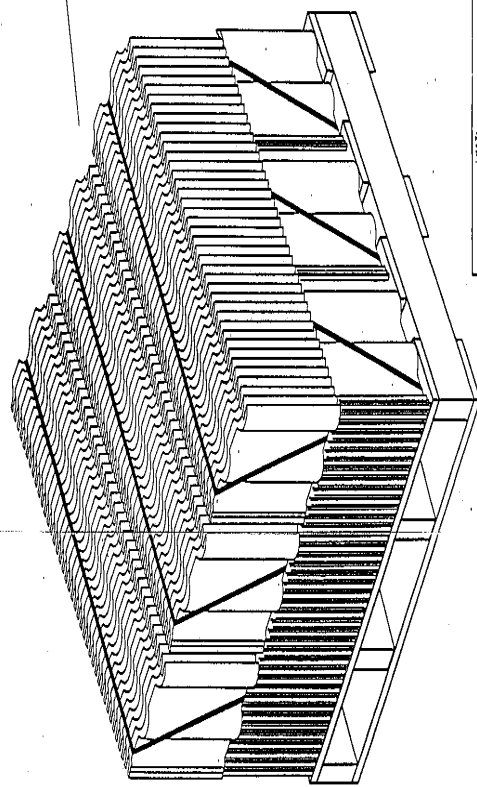
⁶ Generally they operate by the order maker's own source, but they can realize state orders too.

APPENDIX 7 STORAGE OF ROOF TILES

DRAWING NO SL 178

DRAWN IN ACCORDANCE WITH BS 308

PART MADE ON FACE MARKED Ⓞ



TILES STACKS PLACED ON PALLET
WITH 25mm GAP IN BETWEEN

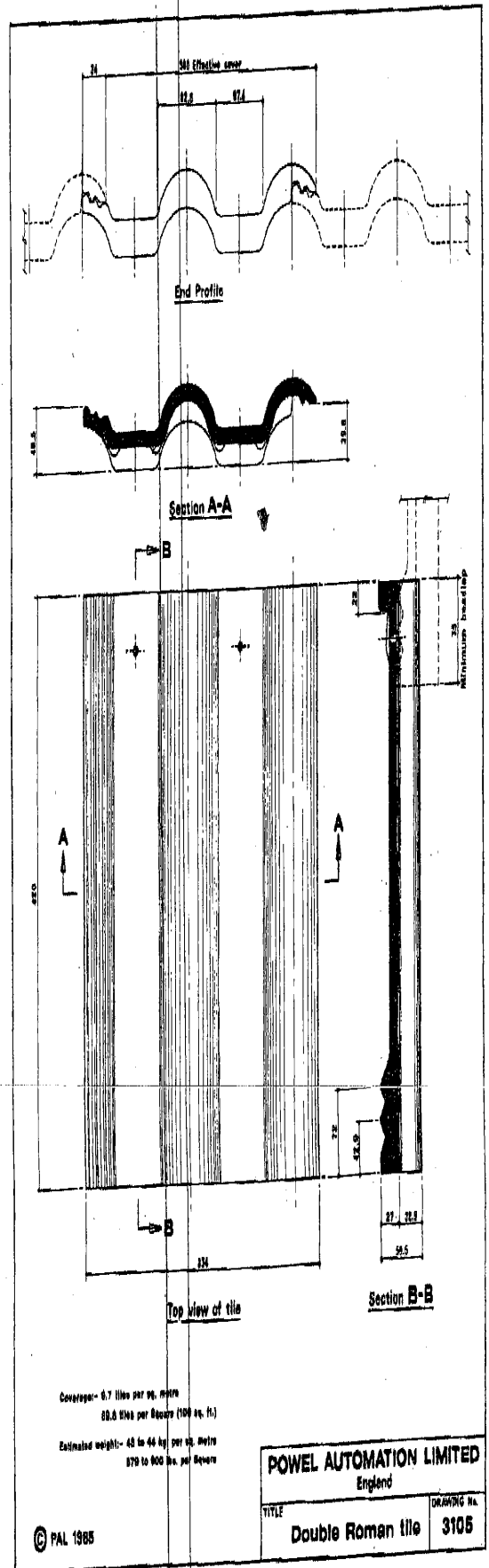
PALLET HOLDS 240 TILES
TILES Banded IN STACKS OF 40
PALLET SIZE NOMINALLY 1100 X 1100mm.

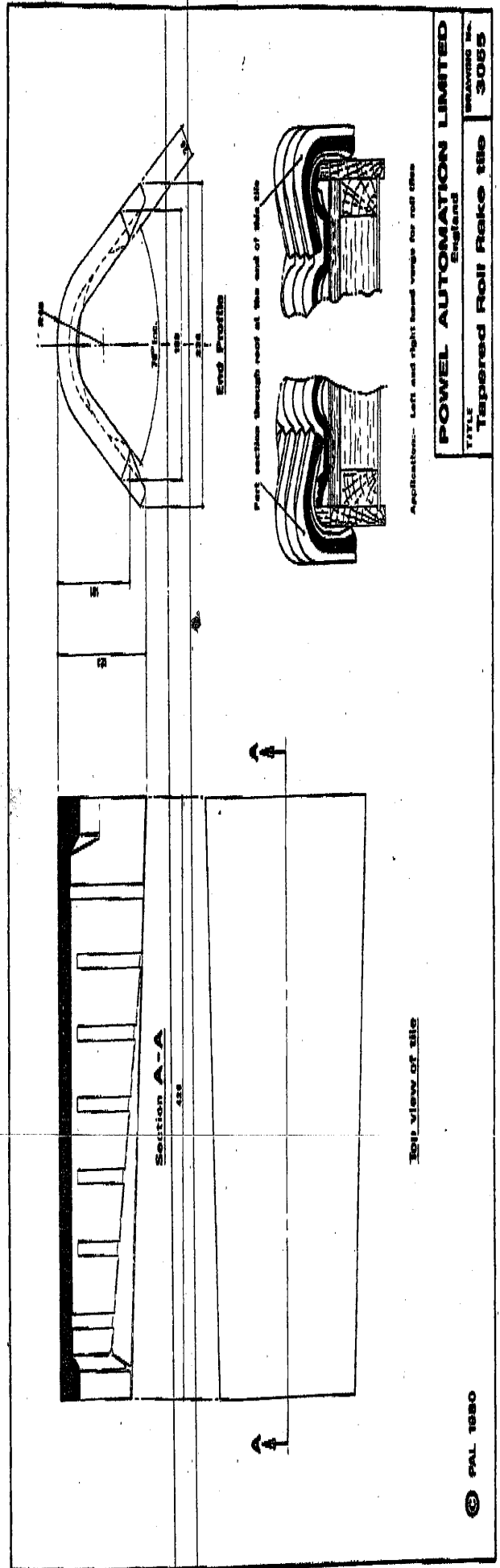
DATE	1.11.53	APPROVED	SCALE	0.1	SIZE	300x450
DRAWN	J.M.	CHECKED	DATE	1.11.53	BY	J.M.
TILES PALLETISED & Banded						
POWER AUTOMATION LIMITED CONCRETE WAY, LARKFORD, SUSSEX BN15 8JL, ENGLAND TEL: 01323 810000 FAX: 01323 810001 E-MAIL: power@power.co.uk WWW: www.power.co.uk © 1993						
						SL 178

LAYOUT OF ROOF TILES

NO. 287 982

14/08/98 15:53

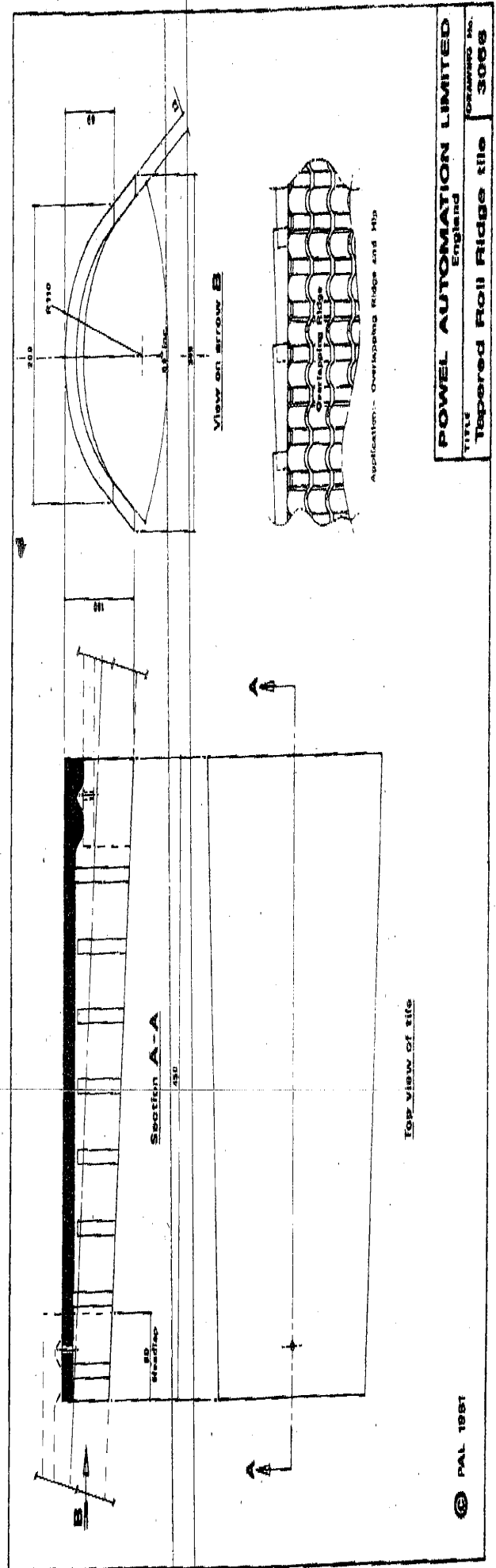




Top view of site

POWER AUTOMATION LIMITED
 England
 TITLE
Tapered Roll Rake 185
 DRAWING No.
3055

© PAL 1980



POWER AUTOMATION LIMITED
 England
Tapered Roll Ridge tile DRAWING NO. **3068**

APPENDIX 8
THE LIST OF ARCHITECTURAL FIRMS
(FOR APARTMENT BUILDING PROJECT)

NAME OF THE FIRM	PERSONAL INFORMATION	ESTABLISHMENT DATE, COMPLETED WORKS	SCOPE OF ACTIVITY	COST OF LIVING SPACE (MF)	NOTES
"HAIKAPAL"	Haroutounov Shahbaz, Director, 52.93.47	Operate since 1991: Giumry- Polyclinic, School (International Red Cross); Residential part of Rehabilitation Centre, housebuildings in Akhurian and Noxemberian regions.	Projection, Construction	\$ 200- \$ 220	They use Eurostanda
"HAIGIOUGHSHINNAKHAGITS"	Hovasapian Varuzhan, Director, 27.43.07	In 1997 - huge construction works (UN); House constr. works in Ghoukasian villages; Currently: with Norwegian Office of UN - constr. works in Kotatik Marze.	Projection, Construction. Own production of doors and windows.	\$ 120 - \$ 150 w/o works	Consultati and mark services at of charge
"ARMPROMPROJEKT"	Ghazarian Felix, Director, 58.21.62	Operate since 1966: Giumry-buildings with one entrance, municipal policy building, two palaces; Kirovakan - "Polygon" block of buildings, etc. Soviet Time Works; Republican Square, AUA, National Assembly, Matenadaran buildings etc.	Projection, Construction	\$ 200 - \$300 with inside rehabilitation works	Projections could be realized free charge in ho of tenth anniversary o Earthquake!
"HAIART"	Tigranian Henrikkh, Director, 52.39.83	Block of buildings in Giumry; Gugark microregion.	Projection	\$ 300 with inside rehabilitation works	
"HAZARASHIEN"	Hakopian Gurgan, Dir., Gasparian Valey - Deputy Dir., 58.39.94	# 191 school, Child Hospital on Abovian Square (they won a bid For this project); cafe "Shamiram", "Pizza Diroma" build; 3 story building in Agarak.	Projection	\$ 100 w/o and \$200 - \$ 300 with inside rehabilitation works	

"ARMGIPROTRANS"	Barkhudarian Valery, Director, 24.16.42	Operate since 1971. Generally-transportation constructions: Arzni railroad station, apt. building; apt. build. in Yerevan; Railroad - now Military Hospital; Dilijan - Sanatory. Currently - participation in Yeghegnadzor- Martouni road projection works.	Projection	
"INZHGLOBAL"	Karapetian Arthui, Director, 57.47.59 Vanian - Dep. Director, 57.47.59 Michael Kouchakjian, Leader of the Group, Kermenjian David, An architect, 27.83.28	Participation in "Zvartnots" airport construction; irrigation system implementation in Ashtarak (WB)	Projection	
"AUA BUSINESS CENTRE" PROJECTION GROUP	Michael Kouchakjian, Leader of the Group, Kermenjian David, An architect, 27.83.28	"AUA Business Centre"	Organization of Projection and Construction Works	Creation an Operating Committee consisting foreigners, local specialists and representative(s) of a company.
"YEREVAN PROJEKT", Administration of Architecture and Urban Development	Khachatryan, Director, 56.54.74	Apt. buildings in the Earthquake Zone	Projection	Ghalumian Leyon - an architect, Gov. 65-94
"YEREVAN PROJEKT", Administration of Architecture and Urban Development	Other Department, Ashot, an architect 8-21.40.79.57			
"YEREVAN PROJEKT", Administration of Architecture and Urban Development	Oleg Shokarev, an architect, 52.54.64 (W), 56.13.24 (H)	"Tekeyan Centre"; house buildings in the Earthquake Zone. Currently - "Sevan" Semyiland's Religious School	Projection	Participation personally or through own firm.
UNION OF ARCHITECTS	Zourabian Alik, Director, 56.15.06	Projection; Consultation concerning bidding process organization.		

<p>"ARMENIAN FOUNDATION"; "AMPHORA" PROJECTION GROUP</p>	<p>Ashot Demirkhanian, 52.64.74 Michael Misakian, an architect, 58.00.25</p>	<p>House buildings in the Earthquake Zone.</p>	<p>Projection; Construction</p>	<p>\$ 130 w/o and \$ 200 with inside rehabilitation works</p>	<p>Participation personally</p>
<p>"SWISS HOME"</p>	<p>Ashot Sajumian, dir., architect 27.69.16</p>	<p>Different projections.</p>	<p>Projection</p>		<p>Invites to visit this centre.</p>
<p>"National Service of Seismic Protection of Armenia"</p>	<p>Michael Melkumian, Deputy Director and Director of "Centre of Seismic Stability", 28.28.11 (W); 64.52.02 (H); Gov. 66.74</p>	<p>He was the chief of the Governmental Rehabilitation Program in the Earthquake Zone financed by the WB. Co-author of 46 projects from which 30 were already realized.</p>	<p>Projection, seismic testing of already built buildings</p>		
<p>"DORPROJECT"</p>	<p>Badalian Samvel, Director, 62.85.60</p>	<p>Generally - projections of roads, apt. buildings. Four years cooperation with WB. Licensed activity for laboratory testing of cement made construction materials.</p>	<p>Projection, Quality Control</p>		
<p>"ARMPROJECT"</p>	<p>Khachatryan Levon, Director, Azizian Grigor, Chief Engineer 57.61.75; 57.58.98</p>	<p>Sport-Concert Complex; Palace of Youth; participation of "Zvartnots" airport building; Complex of Academy; the general part of house buildings of Yerevan; Hrazdan Stadium; the general projects of Kirovakan and Leninakan cities; the Museum of Armenian Genocide; buildings strengthening works in Gyumry, etc.</p>	<p>Projection, Construction</p>	<p>\$ 210 - \$ 275 with inside rehabilitation works</p>	<p>The cost of service will be 10% cheaper from others.</p>

APPENDIX 9

NEEDED INFORMATION FOR HOUSING CONSTRUCTION

1. Government decision
2. City department head's decision about land
3. Design work (construction passport)
4. State checking
5. Plan approval (from city chief architect)
6. Permission for construction works.

Construction Passport

Consultation and technical conditions

1. water supplying sewerage
2. electric supplying
3. telephone system
4. gas system
5. ecology
6. sanitary control
7. fire safety system
8. safety during work

APPENDIX 10

PRICE LIST FOR HOUSE CONSTRUCTION.

Source of Information	Price, sq. m.
Giumry and Spitak Officials	200 - 250 \$
Ministry of Urban Development	150 - 200 \$
American Red Cross*	150 - 175 \$

* They currently have Tenders out for Quotes on 220 apartments to be built in Giumry and Vanadzor.

The project goal is building 400 apartments in the Earthquake Zone for needy people. The research in Giumry and Spitak revealed the following statistics:

Number of Rooms	Space, sq.m.	Proportion, %	Number of Apartments	Worst Case Scenario	Best Case Scenario
2-3	65 - 85	70	280	\$250 x 280 x 85 = \$5,950,000	\$150 x 280 x 85 = \$ 3,570,000
1	15	15	60	\$250 x 60 x 45 = \$ 675,000	\$ 150 x 60 x 45 = \$ 405,000
4	85 - 100	15	60	\$ 250 x 60 x 100 = \$ 1,500,000	\$ 150 x 60 x 100 = \$ 900,000
Total		100	400	\$ 8,125,000	\$ 4,875,000

Commercial rates in Spitak are \$ 1 - \$ 3 per sq.m. per month.

Commercial rates in Giumry are \$ 7 - \$ 10 per sq.m. per month.