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## INTRODUCTION

The purpose of this project is to focus on a well known business that operates within Northern Cyprus and analysis the situation of the business. By focusing on the business, it will be possible to be able to collect the needed information about the business. Information such as, how and why they entered and opened a business such as their own in the TRNC market. What opportunities did they use to begin and what tactics they used to develop and grow. Also what marketing segments did they use.

This project is dedicate to 'Lemar Supermarket'. The reason behind choosing Lemar is, North Cyprus, which is mainly recognized by Turkey, provides a special condition for supermarkets because it hasn't been long before, that there were no real supermakets in North Cyprus. It interested me to know, if big spuermakets as Lemar can survive in an unstable, poor and ambiguous economy, with an unknow future.

### The Purpose And Aim Of This Project :

1. Were requested to develop a graduation project which analyses the business market. This project is also a part of our aim to graduate university.
2. To provide an understanding of how supermarkets in the TRNC enters the business markets.
3. Analysis and understand Lemar's marketing strategies (place, price, product) and other strategies, related to it's customers behaviour, decision- making, expectations, perceptions and satisfactions.
4. To define whose needs and wants are most important ( supermarket or it's customers)
5. To find the advantages and disadvantages results of Lemar supermarket

The results for the above information were collected from, interviewing Lemar's manager director ( Mr Alp Ozerk), books (which subjects business and marketing), lecture notes (MAN 400 and MARK 303 and 306) and by doing a customer questionnaire. Fifteen respondents in Nicosia and fifteen respondents in

Kyrenia were selected. This research was very helpful to understand customers expectations, perceptions, needs and wants.

Chapter 1, will explain about Lemar supermarket, the structure of Lemar, which operates very well, why and how Lemar entered and opened a market in the TRNC.

Chapter 2, will explain Lemar's marketing strategies, which includes; location, merchandise, product, price, distribution, customer strategy and market segmentation.

Chapter 3, will define the customer behaviour, perception, satisfaction and the customer decision-making process.

Chapter 4, includes the Nicosia and Kyrenia questionnaire results

Chapter 5, is displays of Lemar's CSF's, SWOT, PEST, the five forces, the mission and vision statements and the value chain.

Chapter 6, is about the conclusions and the basic findings of the research done on Lemar supermarket.

Chapter 7, includes the recommendations.

# 1. INFORMATION ABOUT LEMAR SUPERMARKET

## 1.1 Lemar Supertmaket

Lemar Co. opened its first store on the 4<sup>th</sup> of December 1997 in Famagusta. Lemar Co. Ltd is a Turkish Cypriot company and their aim was to follow the big supermarkets like Tesco from UK and Migro from Turkey to apply and open a similar store to the TRNC. After they opened the first store, people in the TRNC were interested in the store very much and suddenly they felt themselves as if they were in one of the developed European countries. Lemar was very attractive those days. They were selling much more than the biggest mini market in TRNC, especially in frozen food products. Lemar was the leader company. Lemar was also clean, viewy, flashy and was a massive store to the Turkish Cypriot people becaues they never saw such a big supermarket before.

After the first store, food retail markets in the TRNC started to change totally and other mini markets started to feel the dangerous of Lemar. Lemar took the competitive advantage by setting the major and critical products such as milk and bread lower than mini markets. Thus, by producing their own bread and importhing products at lower prices, people shift directly to Lemar. Now, Lemar has another four superstores and by this way, Lemar occupied the TRNC's four major cities ( Kyrenia, Nicosia, ' Famagusta and Güzelyurt), that are only one hour far from each other. On the other hand, Lemar is preparing to open the sixth store between Famagusta and Kyrenia and is trying to be the number one ( Food Retailer ) in the TRNC.

## 1.2 Structure of Lemar Supermarket

Lemar organisation's structure is a direct reflection of Lemar culture and it operates with a simple structure with just four management levels, which is shown in appendix 1. These are:



-Level one : It is the head office, which is coordinated by only one managing director, whose name is Alp Ozerk. The head office is in the city center and under the Nicocia store of Lemar supermarket. Mr Ozerk has the critical responsibility for the whole operation and in other words, the rest three management levels are directed and managed by him. Those levels are as follow:

-Level two: These are the store managers. Each Lemar store has one store manager and all of them give their reports to the managing director during and at the end of the working time. On the other hand each store managers are responsible for two assistant managers and for taking their reports about the fourth level of organisation. This structure is also a facilitate communication, transmit changes in the market situation in the quickest possible way.

-Level three: As it mentioned before, at this level assistant managers are responsible for every activity inside of the store and to give reports to the upper level of the organisation. At this stage of the company's organisation, assistants are playing a serious role in the information circulation and warning the company in the critical times.

-Level four: This level is for stock responsible, there are two shelf responsables, casher responsables, delicatessen responsible (meaning, the selling of imported or unusual foods already cooked or prepared), grocery responsables, bakery responsables, information gatherer and café responsables. Mr Ozerk said 'two shelf responsible staffs are the most important part of my fourth level'. In this sentence, we can easily understand that Lemar supermarket works mostly daily and the two shelf responsible staffs are giving every information about the last situation on the shelf (how many products left, which products demand most... etc.). However, he also claimed that in the whole level of the organisation, the four responsible staffs are critical in this process and he added that they really need each other's strong cooperation, otherwise they would of never become a strong company.

By this structure, Lemar supermarket created a perfect communication system between stores and managing director in the Nicosia branch and problems are settled in the quickest way.

### 1.3 Why Lemar Supermarket Entered And Opened A Supermarket In The TRNC Market

Before 1997, in the TRNC, there were three types of food retailers (grocery shops, mini markets and several supermarket imitators) that had emerged and they supposed to carry on without doing any innovation themselves in the market.

However, in 1997, Lemar defined this alternative situation and decided to enter in the TRNC market. The attractive opportunities for Lemar mentioned by Mr Ozerk are as follows:

- Before 1997, the food retail sector of TRNC market was under developed and improvement was ignored by major food retailers.
- There were no more real supermarkets with large product ranges, special and comfortable stores with high quality and service.
- At that time, other sectors were not attractive and noboby realised the potential of food retailing environment to invest money on perceived supermarkets by the Turkish Cypriots.
- Supermarkets chains were expected to supply fresh money.
- And, when Lemar considered the Turkish Cypriot customer's characteristics, they defined that Turkish Cypriots were envying the developed countries and their lifestyle. Thus, they like to see those type of stores and buy their those different types of products and brands that are sold by developed countries. Besides, Turkish Cypriots are interested in new and pompous activities that takes place in their country. Owner of shops, bars, restaurants and ect can easily find customers flowing into their shops the first day they open.

#### 1.4 How Lemar Supermarket Entered And Opened A Supermarket In The TRNC Market

Before opening the first store, Lemar supermarket thought to open its first store in the city, which has not got any large food retailers or supermarkets. By this way, Lemar could test itself in the TRNC market and understand if the real supermarket store can survive in the TRNC market. Therefore, Lemar supermarket had chosen Famagusta, which has a high population and many students from the biggest university in the TRNC. When Lemar supermarket opened in Famagusta on the 4<sup>th</sup> of December 1997, it gave the first impression very well to the Famagusta people. At that time, Lemar's personnel were all wearing the same clothes with their names on them. Clean and comfortable environment applied inside of the store, with a large and a high quality products range and suitable prices defined.

Lemar was the first in the TRNC to apply barcodes to their products. Parking fields and trolley possibilities increased and other real supermarkets quality and facilities adopted very carefully by Lemar supermarket. On the other hand, Lemar supermarket was always moving carefully towards the Turkish Cypriots and tried to satisfy its customers in the TRNC condition.

At that time, Lemar Supermarket boomed to the food retail market in TRNC and suddenly it became a market leader. But it had an advantage, that it was the first real supermarket in the TRNC, which is totally new and different from the others.

After the Famagusta store, Lemar became stronger and stronger, and other four stores decided to be opened and capture the whole market share in the whole TRNC market. And now, with well-organised strategies, Lemar is the market leader and it seems that this situation will carry on until one man decide to open another real supermarket chain to compete with Lemar supermarket.



## II. LEMAR'S KEY MARKETING STRATEGIES

### 2.1 Location Strategy

It has been said that there are three criterias for success in the food industry. They are location, location and location. Having the right location is very important in terms of convenience to the customers of the food industry because a mistake in the location decision is almost impossible to correct. Lemar supermarket's store location decision depended on two main factors. There are:

1. customers : The target market is the major determinant of the idea store location.

Lemar supermarket target customers are customers who have an average income, who prefer larger stores, convenient stores and free car parks. Also store location has to be defined in the most appropriate places.

2. Traffic, accessibility and visibility : Lemar supermarket also tried to locate its store into a suitable traffic condition which helps to show its store and the main road is close to the supermarket. Accessibility is very important for Lemar and that is why (except the Famagusta store) every Lemar store is on the main road. On the other hand, Lemar also considered a location which is near to house/flats and job areas and tried to set its store between the most suitable place between homes and job places.

In order to choose a specific location, first the managing director pinpoints areas and Lemar analyses those areas to choose the best suitable location for its new store. At the present time, Lemar supermarket has five stores and nearly all of them defined the information above.

### 2.2 Merchandise, Product and Distribution Strategy

As Mr Ozerk said ' Lemar supermarket is ready for supplying every food and drink products that are necessary for house kitchens and other merchandise goods in terms

<sup>1</sup>Desmond Ewans, *Business-A Student's Guide*, 2<sup>nd</sup> ed, London: Tony, 1994, p.221

of present and specially needed small products ( pencils, pens, slippers, vase...etc).’ Therefore, Lemar supermarket really is interested in increasing its variety of goods to satisfy any type of customers, who visit the store. Besides, Lemar set the first deli bar, souse shelf, frozen food ranges, delicatessen part, pastry shop and so on, inside of every Lemar store and tries to give its customers their every needs.

Most of those products are imported by Lemar supermarket. Products imported by Lemar, are as follows :

Merchandise goods : From Asia ( 100 % )

Almost every food and drinks : From Turkey ( 70% ), UK ( 10% ), USA ( 5% ), Holland ( 5% ), Germany ( 5% ) and France ( 5% ). **Note:** These percentages were given by the manger director.

However, some of the products are produced by Lemar supermarket as well. Such as : Lemar salt, Lemar pickles, Lemar bakery, Lemar pizza and etc.

Lemar has only one distribution centre. This centre is in the Nicosia branch and it is the most important of the trading operation. Lemar distribution centre works in ‘just in time’ system of the stock management and with the exception of milk, everything that is delivered to the store are delivered from the distribution centre.

Besides, for frozen foods and some other sensible foods and drinks, each Lemar supermarket has its own storerooms and fridges to stock its product (especially the daliy products) and not to require those goods from other distribution centres every day. All of the delivery and distribution is subcontracted to Lemar company and it is coordinating as a team every day.

### 2.3 Price Strategy

Price has traditionally been determined by the cost of goods and then adding a bit of cover profit. This however is no longer a reasonable approach in today’s highly competitive market.

Generally, Lemar is seeking its profit through the use of average prices and good quality products to attract a large volume of sales. Mr Ozerk said that ‘most of the Turkish Cypriots say that Lemar is a expensive supermarket but if they filled up their



trolleys today, we are claiming that they will understand who is cheap and who sells valuable and good quality products’.

Lemar supermarket has a specific law in their pricing strategy and while pricing their products, they always move towards that law and they set the defined profit percentages. However, in the case of any economical changes in the country, for example changes in the exchange rates or in other factors, Lemar can easily change its price strategy and price law. Because of the unstable economy and market in the TRNC, Mr Ozerk said that ‘it is very difficult to define a specific price strategy and profit margins in the market’.

## **2.4 Customer Strategy**

Lemar defines its customers as a whole and tries to satisfy all of them in different ways. However, Lemar is struggling in understanding every types of customers in each city and thus, Lemar confesses that they need to do something in order to increase their satisfaction level to the maximum level. Therefore, Lemar supermarket’s next step is to create a loyalty card in order to bring the first loyalty card activity to the TRNC and understand it’s customers more carefully one by one.

## **2.5 Market Segmentation**

According to Mr Ozerk, Lemar supermarket considered the market segment very carefully. Mr Ozerk said ‘if we never considered the maket segment, we would of not succeeded’.

The market segmentation is the factor that different groups of buyers often want different types of products. This is the process of dividing a market into smaller subsets of customers with similar characteristics, behavior and needs. Each of these segments can be targeted using a particular combination of products, advertising and

other marketing efforts (Desmond W Evans, 1994, p.28).

<sup>1</sup>To have good results in the market segment, one must consider the following :

- Demographic : Includes, age, gender, buying power education and occupation.
- Geographic : Includes, states, cities, neighborhoods population density and market density
- Psychographic : Includes, social class, personality and life style
- Behavioral : Includes, amount of usage, type of usage, customer loyalty and benefits sought.

When asked Mr Ozerk, if these points were considered by Lemar supermarket, he said 'most of them were considered.

## **2.6 Overall view Of The Marketing Mix (Product, Price, Place and Promotion)**

To be able to continue to succeed in the market, Lemar has to keep up dated with the marketing mix because the marketing mix is a very important factor of a company's business plan. <sup>2</sup>The marketing mix is important because it comprises a complex mix of variables, which an organisation can combine in order to ensure that marketing and corporate objectives are achieved. It includes strategic tactical and operation elements and techniques.

Lemar's aim is to meet their customers needs. They want to produce products to satisfy their customer, charge the right price, get the goods to the right place and make existence of the products through promotion. The products are the central point on which all marketing energies must converge. People buy goods for a variety of reasons and a wide range of characteristics will influence their decision to buy. These include, appearance, often the way a product looks is considered to be as important as what it can do. Function is another reason, customers will want to know what a product can do and how well it can do it. Status is another reason, customers often associate products with a particular lifestyle.

<sup>1</sup>Rachman, Mescon and Thill, **Business Today**, 8<sup>th</sup> ed, United States: John, 1994, p.351.

<sup>2</sup> Rachman, Mescon and Thill, **Business Today**, 8<sup>th</sup> ed, United States: John, 1994, p. 350.

### III. CUSTOMER BEHAVIOUR, PERCEPTION AND SATISFACTION

#### 3.1 Customer Behaviour

<sup>1</sup>Customer behaviour starts with need recognition, which is triggered either internally or by outside activities that rouses people to buy a product. The consumer proceeds to search for fulfillment of that need. One way to look at the psychology of buying is in terms of how consumers make decisions. A simple formula sums up the decision making process that nearly everyone goes through when making a purchase is as follows : choice = want + ability to buy + attitude toward the brand.

#### 3.2 Customer Perception

<sup>2</sup>Perception is defined as the process by which an individual selects, organises and interprets stimuli into a meaningful and coherent picture of the world. This stimulus might be brand name, product, advertisement or even a store.

Consumers subconsciously exercise a great deal of selectivity as to aspects of the environment which they perceive. An individual may look at something and ignore others and turn away from still others. In actuality, people receive or perceive only a small fraction of the stimuli to which they are exposed. Consider for example women in a supermarket. She may be exposed to over 20,000 products ( for example) of different colours, sizes, and shapes, to perhaps 100 people (looking, walking, searching and talking), and to sounds from outside the store (car honking, children shouting and car doors slamming). Yet she still manages on a regular bases to visit her local supermarket, select the items she needs, pay for them and leave, all within a relatively brief time, without loosing her sanity or her personal orientation to the world around her. This is because she exercises selectivity in the perception world.

<sup>1</sup> Racman, Mescon and Thill, **Business Today**, 8<sup>th</sup> ed, United States : John, 994, p. 357.

<sup>2</sup> Schiffman and Kanuk, **Marketing management**, 5<sup>th</sup> ed, New York: Blackwell, 1997, p. 146.



### 3.3 Customer Satisfaction

Customer satisfaction is very a complex issue and retailers are struggling to achieve it when they try to set their strategies for their company. Customer satisfaction needs a great understanding of customer needs, wants, desires and expectation and targeting the customers play, plays a great role in achieving this goal. The reason for this is that customers are not the same and in order to please them, supermarkets need to understand them one by one. That is why, if supermarkets set their products and services with the right and most appropriate strategies to their targets customers, they can easily satisfy their customers and make them loyal to the company. However, if the retailers do not target their customers and position their products and service to their targets customers, they will never know how to satisfy them to the maximum level. Customer satisfaction also depends to the understanding of customer perceptions and expectations. In other words, before and while opening a supermarket, retailers should definitely know how to listen to their customers and find the right marketing strategies ( price, place, promotion and people) for their perception. By this way, retailers can correct their faults and problems and make their customers happier to visit and do their shopping in their store. For instance, they can do customer research, one of the major faults that companies have is, they only focus on whats important to them. This shows that companies are trying to keep the power over the customers but they miss one point that customers are the most important factor for a company and without customers, companies cannot exists.

### 3.4 The customer Decision – Making Process

The question, 'how do consumers make their decision ?', is more difficult to answer than one might expect. Consumers do not approach each buying decision with conveniently blank minds and then rationally consider all the options. Their decision making process is an extended, complex and often a confused process. In any case, buyers have many factors in their minds when faced to decide on which brand to buy or which store to choose to go. At this point, experience plays a big role and beside this, purchaser economic and socio-cultural circumstances also effect their decision

<sup>1</sup> Berman and Evan, **Retail Management**, 4<sup>th</sup> ed, United States: Macmillan, 1989, p. 227.

making process in the market place. The consumer usually takes practical experience into account before any other factors, such as if the product is not liked, no amount of advertising will succeed.

However, in the TRNC, the current supermarket situation is totally different but it is improving and getting more developed like the European countries. Therefore, people do not have any experience to test and decide on which product to buy or which store to choose.

<sup>1</sup>Normally, the consumer decision process consists of two parts: the process itself and the factors of process. The decision process has six basic steps: Stimulus, problem awareness, information search evaluation of alternatives and purchase behaviour (Appendix 2 ). Factors that affect the process are consist of age, geogaraphy, social class, economy, culture, peer pressure, lifestyle, psychology, organisation and occupation (Appendix 3). The decision process assumes the end result is the purchase of a good or service by the consumer. It is important to realise that any point in the process, a potential customer may decide not to buy; then the process stops. This may occur in the same way when the purchaser decides which store to go

<sup>2</sup>The level of decision making have been applied in many different retail settings.

Here are some illustrations :

- Problem Awareness : The buying products and selecting the store, which supermaket, starts with the customer's recognition of a need. For instance, if a person is not likely to know exactly what she/he wants to buy and where to go, they will never know if that product or place will be the right one and the best to satisfy their needs.
- Information Search : Information about products or supermarkets is one of the most important factors in making proper decisions. In order to get the right information, there are several ways, which may attract the buyer to the store and specific products. The consumer may obtain those informations from the media, several promotions, friends and so on. In the TRNC, the information circulation acts very fast because of its small geographic condition and population.

<sup>1</sup> Berman and Evans, Retail Management, 4<sup>th</sup> ed, United States: Macmilan, 1989, p. 216.

<sup>2</sup> Berman and Evans, Retail Management, 4<sup>th</sup> ed, United States : Macmillan, 1989, p. 224.



- **Evaluation Of Alternations :** An important aspect in the consumer's evaluation of alternatives is the criteria set by the person. For example, research of woman Shoppers determined that they rate these store attributes as most important in comparing outlets: best value for money, good sales/markdowns, high quality fashion, largest assortment and easiest one to get. Likewise, supermarket shoppers rate cleanliness, low prices, all price clearly labelled, accurate and pleasant clerks and freshness date marked on products.
- **Purchase Behaviour :** At this stage the consumer's chaise take place. A selection is made from the brand that remain after the previous filtering stages and products that are used before and likely to be used in the furture. To the consumer, the choice is rational, the brand chosen best meets perceived needs. For the perceived need, consumer also chooses the best supermarket for him/herself. Some may like to go to small stores at weekends and some may like to go to large supermarkets during the week.

## IV. THE QUESTIONNAIRE RESULTS

### 4.1 Nicosia Questionnaire Results

Nicosia has the largest population in TRNC and as in every major city in the TRNC it also has a massive Lemar superstore and nearly every person in Nicosia has been to the Nicosia store of Lemar.

In Nicosia I selected fifteen respondents. Seven of the respondents were men and eight of them were women. Five of those respondents were students, six of them were housewives and four of them were workers and all of them claimed that their economical condition were average.

When asked the fourth question, respondents gave so many interesting answers. However, if we generalise the answers, we can easily come up with both good and bad results. What it means by this is that respondent's comments covered so many positive and negative sides about Lemar's Nicosia store. For instance, nine respondents said that Lemar is not suitable in the TRNC's lifestyle and they claim that large supermarkets like Lemar is not suitable for Turkish Cypriots. When asked the reason, those nine respondents claimed that mini markets are more suitable than Lemar. Also they said that Lemar is like a trap and when they get in the store, because of the large amount of product range, they attack to buy unplanned products that they never thought to buy. Thus, they thought that even though Lemar's certain products are cheaper than other supermarkets, it still increases the family payments of the house hold spending with the new and innovative products, Lemar makes them buy and try the new products in their homes. The nine respondents complained, that this is a disadvantage. On the other hand, the other six respondents claimed that Lemar was a necessity for people in Nicosia and that they were happy to do their shopping from Lemar's Nicosia store. The most important points for the six respondents were the quality and large amount of product capacity in the Lemar stores. The respondents claimed that they like to go and buy large amount of products and to be able to find anything that they want to buy.

They also said that Lemar makes them feel like a European person and gives them a high standard service with the staff and working hours of the store. They also mentioned that Lemar makes them change their shopping time and if their husbands or wives work during the day time, they wait to go shopping altogether along with their children after work.

According to the respondents, because of the small distances in the TRNC and nearly every family has at least one car, going shopping and purchasing large amount of products is not that hard, contrarily it is very enjoyable and civilised.

About their perceptions and expectation, respondent's opinions were almost the same and all of them said that their perception and expectation like clean stores, high quality of service, fast cashiers, large products range, fresh food and etc. were successfully applied by Lemar's Nicosia store. Nevertheless, four respondents said that they were expected to face with lower prices on some particular products like, alcohols, milk and fruits. Besides this, three of the respondents complained about the foreign products and they also mentioned that, if Lemar used more local products, it would be more successful to attract the Turkish Cypriots. Also five of the respondents perceived to see more traditional foods, which are only based for the Turkish Cypriots for example, something like traditional rusk. Another perception of most respondents was about Lemar's customer service desks and they claimed that even though, Lemar supermarket has a customer service desk, there are not enough staff to help and descriptions in the case of any problems during or after the purchasing time. Six of the respondents also said that, they perceived to pay their purchasing by cheque. However Lemar cashiers do not accept unreliable cheques and customers do not feel relaxed during their shopping time in Lemar supermarket.

In satisfying the customer's needs and wants, all the respondents mentioned those perceptions to be considered by Lemar directors. Besides, most of the respondents said that Lemar supermarket should understand and be more friendly with their customers. The respondents also mentioned that Lemar supermarket could offer special offers, innovations in product or service or loyalty card advantages. On the other hand, two of the respondents said that Turkish Cypriots, never that such a supermarket as Lemar before in the TRNC and they do not need anything more than



the current Lemar supermarket's products and services in order to satisfy their needs and wants.

The most important thing that influenced the fifteen respondent's decision – making is the process defined as normal prices but high quality and large amount of product ranges. Besides friendly staff, these are major points for Nicosia's people in making a decision on which supermarket to go to.

#### **4.2 Kyrenia Questionnaire Results**

In Kyrenia I selected another fifteen respondents. Five of the respondents were men and ten of them were women. Two of those respondents were students, eight of them were housewife and five of them were workers and all of them claimed that their economical condition were average.

Most of the respondents comments covered mostly the positive sides and few bad sides of Lemar's Kyrenia store. For instance, thirteen respondents said that Lemar is very suitable in the TRNC's lifestyle and they claimed that, large supermarkets like Lemar is a necessity for the TRNC. Especially in Kyrenia, because it is a major touristic city in the TRNC. Lemar is a important supermarket that gives a good impression to foreign countries and people, who comes and visits and sees the development and quality of our country.

The respondents said that even though, there is a low customer potential in Kyrenia, Lemar has opened two stores in Kyrenia and still is trying to help the people in Kyrenia to reach Lemar stores easier than the other cities. This situation makes those thirteen respondents to feel themselves more special than other cities. In addition to this, eight respondents said that Lemar gives them a chance to find everything that they want in a fresh condition and not to go to other several mini markets.

Six respondents also said that, up to 1999, they did not have any supermarkets, which has air condition system and that they used to do their shopping in very bad conditions, such as small stores with crowded shelves and people bumping into each

other because the markets were small. Because of the clammy air and hot weathers, local people and tourists in Kyrenia, used to dislike shopping in the past and those days will stay in the past and that they now enjoy shopping because of Lemar supermarket.

Besides those positive sides of Lemar, most respondents are also pleased with Lemar's service, products and bearings and other facilities like, the fast food restaurants and huge car park area, which is an advantage for Lemar supermarket. So generally, the respondents are happy that there is a supermarket such as Lemar. However, some criticisms were also made by five respondents, which were about the disadvantage of being a big store and few amounts of traditional foods and native workers in Lemar. They claimed that if they only need few items( products), they have to travel to Lemar, get into the store and look around for, lets say, only one or two items, trying to find where those products are in a big supermaket and while searching for the needed products, they come face to face with other products that they did not plan to buy, but end up buying thoes products also. Then they have to queue up to pay, sometimes for a long time. They said that, this type of shopping is not good when they are in a hurry. For this reason, they end up going to smaller markets (corner shops). Another issue as it is mentioned before, is the native workers problem. The respondents claimed that when Lemar supermarket opened, many mini - markets closed down and many native workers lost their jobs.

The perceptions and expectations of the respondent's opinions were almost the same and all of them said that their perceptions and expectations where; clean stores, high quality service, fast cashers, large products ranges and fresh food. It was stated that all these were successfully applied by Lemar supermarket. Nevertheless, as in the Nicosia questionnaire, six respondents said they were perceived to lower prices on some particular products like alcohol, milk and fruits. Besides this, three of the respondents required to have smaller stores and less crowded shelves and more product signs to guide them to the produts they are looking for. Also, two respondents, who were houeswives, wanted to see children's play grounds and rest rooms for husbands and children. On the other hand, two English couples, who lives in the TRNC, claimed that there are not enough variety of English food and drinks like pork or other special alcohols to buy and they also required, Lemar to increase their product



range. Besides these perceptions, respondents did not mention additional opinions. To satisfy the customer's needs and wants all of the respondents mentioned that, all these perceptions should be considered by Lemar's directors. In the Nicosia questionnaire, some respondents said that Lemar should activate the loyalty advantage card and that this would encourage more people to become customers of Lemar supermarket but people in Kyrenia feel that Lemar is good enough for Turkish Cypriots and they don't need anything more to satisfy their needs and wants.

The most important thing that influences the fifteen respondents' decision-making process is defined as, innovation on store, products and services. Also, perceived prices and peaceful atmosphere play a big role in making decisions especially on which supermarket to go to.

## V. LEMAR'S ADVANTAGES AND DISADVANTAGES

### 5.1 Lemar's Critical Success Factors

<sup>1</sup>Critical success factors are few factors that decides a firm's success in a market. Critical success factors spells the difference between profit and loss and competitive success or failure. Critical success factors can be a list of, specific skills or talent, competitive capability and something a firm must do to satisfy customers. Identifying critical success factors is a top priority as they are good corner stones of a firm's strategy. Winning competitive often hinges on being distinctively better than rivals at one or more of the critical success factors. Critical success factors usually consist 3 – 5 really major determinants of financial and competitive success in an industry.

Lemar supermarket's CSF's :

1. High quality service
2. Large amount of product ranges
3. Fast cashiers
4. Huge car park areas
5. Large and clean, with plenty of space to move around

### 5.2 Lemar's Strengths, Weaknesses, opportunities And Threats ( SWOT)

<sup>2</sup>The SWOT analysis should be a brief document focussing on key factors, for example, key differences in strengths and weakness and opportunities and threats between the company and its competition.

The strengths and weakness refer to internal characteristics of the company, while opportunities and threats refer to external factors over which the company has little

<sup>1</sup> Desmond Evans, **Business- A Student's Guide**, 2<sup>nd</sup> ed, London: Tony, 1994, p. 256.

<sup>2</sup> Desmond Ewans, **Business- A Student's Guide**, 2<sup>nd</sup> ed, London: Tony, 1994, p. 258.

control. A 'strength' is something a firm is good at or characteristic giving it an important capability, such as; useful skill, important know – how, valuable organisational resources, competitive capability and achievements giving a firm a market advantages. A 'weakness' is something a firm lacks, does poorly or condition placing it at a disadvantage. The 'opportunities', that are most relevant to a firm are factors in the external environment offering some kind of competitive advantage and important avenues for growth. A company's threats are significant because they affect attractiveness of a firm's situation and points to need for strategic action.

Lemar's SWOT :

#### Strengths

1. High quality service
2. Large amount of product ranges
3. Fast cashiers
4. Huge car park area

#### Weaknesses

1. Not enough staff to help
2. Few traditional foods
3. Some products are expensive

#### Opportunities

1. Lemar is a well developed market
2. Extra activities e.g fast food restaurant

#### Threats

1. The open of a better developed supermarket
2. Economic crisis, resulting customers to shop less

### 5.3 The Five Forces

The five main forces, determines a firm's profitability, rivalry, buyer power, supplier power, new entrants and substitutes. To develop an effective strategy a firm has to analyse how each of these five forces can affect profitability and then take action to defend itself.

### Rivalry

If one or two large companies control an industry, rivalry may be low and profitability high. But if there are several equal competitors then there may be a struggle to gain upper hand in terms of price, quality, customer service, advertising and special promotions.

Lemar has the opportunity to earn high profits, if they continue to satisfy their customers.

### Substitute

Firms in an industry may never be able to rise their prices and gain above average profits if there are existing substitutes to their products. A rise in price would cause some buyers to switch to alternative products.

There are other supermarkets, which sell the same products, but cheaper than Lemar, so Lemar is not in the position to increase its prices more than the current price. If they do, they will be faced with a decrease in customers. But Lemar is aware of this and they also know that some of their products are more expensive but they feel that they don't have a problem with this because they believe that they provide a better service than other supermarkets.

### New Entrants

Firms in an industry may not be able to make large profits because of new entrant. New entrants may be scared to entry if firms already in the industry, like Lemar, can block access to distribution channels, e.g Lemar has to show that they are the leader in the industry and that no one can over come them. Also, if there are high capital requirements to start operating in that industry, new entrants may back off.

### Supplier power

Suppliers have the able to funnel off some of a firm's profits if, the firm or industry is not an important customer, their products are high differentiated, so it is difficult to obtain a similar product elsewhere and they are highly concentrated.



Lemar will not have a problem if suppliers do not supply a component (product) cheaper or if their products are not highly differentiated. Lemar has to be aware of the suppliers around them.

### Buyer Power

Buyers can have a high level of power to affect a firm's profitability. They can choose which market to go to, according to which market sells cheaper products. If the market product represents a high proportion of the buyer's cost, the buyer will tend to be more sensitive on the price. Buyers can increase a supermarket's profit, if they are highly concentrated and buy in large volumes. If Lemar's products are a relatively minor part of a buyer's cost or it is highly differentiated from competing products, Lemar has an advantage of gaining more profit. (Note: The five forces information were taken from MARK 306 and MAN 400 notes).

## **5.4 Mission And Vision Statements**

### Mission Statement :

<sup>1</sup>An organization's mission is its overall purpose. It answers the question 'what is the organisation supposed to do?'. A mission statement sets the organisation's purpose into words and defines the organisation's scope of operations, allowing everyone to channel energies in the same direction. Through the planning process, the company's mission is supported by goals and objectives.

Lemar's mission statement :

'To offer our customers a selective range of high – quality, well designed and attractive merchandise at reasonable prices. Along with good human relations with customers, suppliers and staff'.

<sup>1</sup> Rachman, Mescon and Thill, **Business Today**, 8<sup>th</sup> ed, United States: John, 1994, p.162.



### Vision Statement :

A vision is a long – range image or idea of what can and should be accomplished.

It stretches peoples beyond their current capabilities and thinkings and it excites them to new levels of commitment and enthusiam. A vision may also intergrate the shared beliefs and values that serve as a basis for changing an organization's culture. A vision is activities that businesses intends to follow, set long – term directions and provides a picture of, who they are, what they do and where they are headed to.

### Lemar's Vision Statement :

'As a well known supermaket we will continue to provide the best service, high quality products and value, for our customers with the lowest prices. We will be the number one supermarket in the TRNC'.

## 5.5 PEST

A PEST shows the advantages and disadvantages of the microeconomics and macoreconomices sides of a organisation. The microeconomics includes; customers, competition, publics and suppliers. The macroeconomics includes; political / legal, economic / demographic, social / cultural and techological / natural.( **Note:** information taken for Marketing 303 notes).

### Lemar's PEST :

	<u>ADVANTAGES</u>	<u>DISADVANTAGES</u>
1. Customers :	customer loyalty	some prefer mini markets
2. Competition :	Lemar is the largest market	Metropol & Astro
3. Publics :	high image	competition
4. Suppliers :		highly concentrated
5. Political/Legal		price laws

6. Economic/Demographic	suitable for everyone	economic crisis
7. Social/Cultural	suitable for the TRNC	lack of traditional food
8. Technological/Natural	Research & Development	higher cost for company

## 5.6 Value chain

Value chain analysis is a powerful managerial tool for identifying which activities have competitive advantages potential. A firm's competitive edge is based on its ability to perform competitive activities along value chains better than rivals. A value chain identifies; activities, functions and business processes that have to be performed in; designing, producing, marketing, delivering and supporting a product or service. (Note: information was taken for MARK 306 notes).

Lemar has to follow and keep up dated with the supermarket's infrastructure, which involves basis facilities, services and equipment needed to function properly. Also the human resource management and technology development is an important factor. Lemar has to consider the logistics (detailed planning of the supermarket), marketing, sales and service of their market. If all these factors are understood and considered, it will lead Lemar to make more profit. These values are based on the firm's satisfaction but businesses have to put into mind the satisfaction of their customers also. When it comes down to customers, Lemar has to consider the convenience of paying for products, the ease of purchasing and learning to succeed with product. Also modifying habits to use the products. The impact of self-image is important, Lemar has to set a good image of itself in order for customers to make their purchases. These values will help Lemar to benefit from customers.

## VI. CONCLUSION AND BASIC FINDINGS

From the research done on Lemar supermarket, it shows that Lemar supermarket had well organized tactics from the start. Even before opening Lemar supermarket, they planned the city and location very thoughtfully. They tested Famagusta first, because it was believed that people in Famagusta were more interested in anything that is new to them and also because there were no big supermarkets in Famagusta. So, Lemar supermarket believed that Famagusta area would help them to test big supermarkets in the TRNC and understand if real supermarkets can survive in the TRNC market. Also Famagusta has a high population and there are many students (from the biggest university in the TRNC), that will be interested in a new and big supermarket. Lemar didn't have anything to lose because the location they chosen, didn't have other big supermarkets to leave Lemar in competition with. They tried to apply a supermarket, similar to the ones in the developed European countries. In order to do so, Lemar took 'Migro' and 'Tesco' into consideration. The reason for trying to apply a supermarket similar to Migro and Tesco was because, these two supermarkets are very successful in their countries. It is stated that Lemar, did manage to make the Turkish Cypriot feel as if they were shopping in one of the European countries. Lemar felt that it was time to provide Turkish Cypriot with a supermarket as the ones in European countries. Since North Cyprus is a developing country, the people of the TRNC, are waiting to be faced with new activities. Lemar was the first real supermarket to open in the TRNC.

Lemar had attractive opportunities, which encouraged Lemar even more to open a supermarket in the TRNC. These opportunities were, before 1997, food retail sector was under developed and improvements was ignored untill Lemar came into the retail sector and there were no other real supermarkets. Also another important opportunity was that Turkish Cypriots were envying the developed countries and their lifestyles.



Lemar's four management levels operates very well also. They have a well organized and cooperating organisation structure, with good flowing communication system in the department. What ever goes on in the store is reported to the managing director, daily. It is stated that Lemar supermarket has created a perfect communication system between stores and managing directors in the Nicosia branch and problems are settled in the quickest way. According to Mr Ozerk ( managing director), shelf responsible staffs are very important. They inform the last situation on the shelves, for example, how many products left, which products demands the most... ect. It is easy to understand that the shelves are ever empty and customers can always find what they are looking for.

Lemar is on the right road in satisfyng it's customers. But no matter how hard a company tries to satisfy it's customers, there will be some customers who will find something to complain about. When comparing the Nicosia and Kyrenia questionnaires, the above mentioned is proven to be true, because some customers claimed that having a large amount of product range is an advantage, while other customers complained that it is a disadvantage, because it encourages them to buy unwanted products, meaning they end up spending more money than planned.

This is why understanding 'customer behaviour' is very important. Companies have to understand all different types of customers and offer them with their needs and wants. It doesn't help, if a company only concentrates on one type of group.

Lemar is still aiming to satisfy all their customers. Mr Ozerk said 'the most important issue for us is to satisfy and keep our customers happy. Once our customers are satisfied and happy, we also become happy'. According to the research, it is proven that Lemar does consider their customers, because they know that is where the profit comes from. Lemar is seeking it's profit by providing a high quality service and good quality products. Lemar's next step is to create a loyalty card for it's customers. Lemar feels that, this will encourage more customers and it will help them to get to know their customers better. Again, it is shown that Lemar is still trying to understand it's customers better. Another consideration of Lemar towards it's customers is that, they thought of their customers travel to the market and tried to locate Lemar stores close to main roads and near to houses/flats and job areas. This is an advantage not only to customers but an advantage for Lemar also.

Lemar supermarket also knows how to attract customers into buying. The way they attract customers to buy more is by, having a very large variety and innovate products. When people see new products, they want to try and see what's like. Some customers complained that, such large and new variety of products is a disadvantage for them. Lemar was also the first supermarket to set barcodes to their products and this idea was then followed by other supermarkets.

Lemar has the advantage of owning its own storerooms and special fridges to stock its products (especially the daily products) and not require those goods from other distribution centres every day.

Lemar's success also depends on its well – organized strategies, which includes strategic tactical and operational elements.

The results collected from the questionnaires about Lemar supermarket are as follows

#### Advantages Of Lemar

- Large amount of variety product ranges
- High quality products and high standard service
- Comfortable, large space to move around easily and clean store
- Huge and free car park area
- Close to the main road, near to houses/flats and job areas
- Air condition system, providing a clean and fresh atmosphere
- Fast food restaurant
- Fast cashiers
- Fresh food
- Trolley possibilities
- Suitable working hours
- Price of bread and milk is cheaper

### Disadvantages of Lemar

- Not enough staff to help
- Few traditional foods
- Some customers find Lemar to be more expensive than other markets
- Large variety of products (meaning, spending more than planned)

As seen from above, Lemar has more advantages than disadvantages from customers point of view.

### Customer's Needs And Wants From Lemar

- To offer more traditional food and products
- To offer special offers and loyalty card advantages
- Staff to be more friendly
- More product signs to guide them
- Play – grounds and rest rooms for children and husbands

It was claimed by respondents that Lemar makes shopping more easy for them. The reasons are as follows :

- Suitable working hours
- Huge car park area, easy to find parking space and car park area close to the market
- Air condition system
- Big trolley possibilities
- Large amount of variety foods
- Enough space to move around



## VII. RECOMMENDATION

If supermarkets sets their products and services with the right and most appropriate strategies to their target customers, they can easily satisfy their customers and make them loyal to the company. If supermarkets do not target their customers and position their products and service to their targeted customers, they will never know how to satisfy them to the maximum level.

To understand their customers better, Lemar supermarket can do a customer research. One fault that most companies have is, they only focus on what is important to them. This shows that they are trying to keep power over the customers but they miss out one point and that is, customers are the most important factor for them and without customers, they would not exists. Customer satisfaction is one of the most important issues for companies. Customer satisfaction needs a great deal of understanding of customer's needs, wants, desires and expectation.

Lemar has to carry on considering their customers more than anything and not let power take over the consideration of their customers. This way, they will be able to continue to make profit. Also to continue its success in the food retail market, Lemar has to keep up dated with the marketing mix ( price, place, product and promotion).

Lemar has to charge the right price, by not over pricing or under pricing to much. It should keep an eye on the prices charged by other supermarkets. Also when or if they plan to open another store else where, they should carry on with the same attitude.

Lemar should consider the following, in order to satisfy all their customers :

- To offer more traditional food and products
- To offer special offers and loyalty card advantages
- Staff to be more friendly
- More product signs to guide them
- Play – grounds and rest rooms for children and husbands

These needs and wants of customers results, were find by doing a customer research questionnaire. So, if Lemar wants to continue its customer satisfaction, it is advised

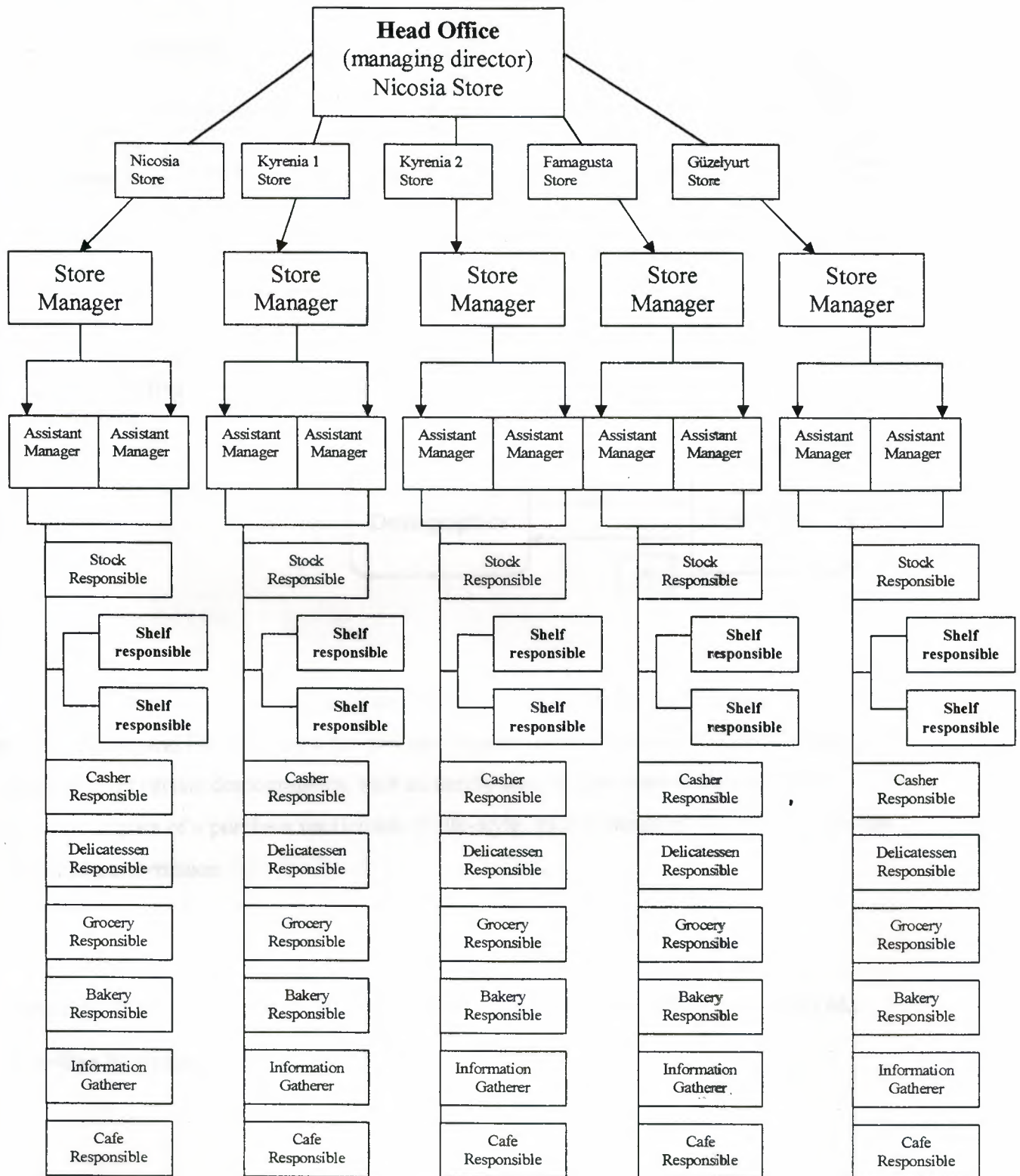
to them , to also do a customer research once in a while to keep up dated with the needs, wants, desires and expectation of customers.

Also it is adviced to Lemar, to keep up supplying a wide range of products to encourage customers to buy more products, including more traditional foods and products.

Lemar should once in a while give employee training to their staff . Train them to be more friendly towards the customers. Lemar staff can be more friendly by saying, 'good evening', 'how are you', 'have a nice day' or 'thank you very much for shopping at Lemar, bye bye'. This is all it takes to say and be friendly and keep customers happy. This way also, I am sure, first time customers will come again and every day customers will be very pleased and they will also advice their famiy and friends to shop at Lemar supermarket.



**Appendix 1- Organisational Structure of Lemar Supermarket:**

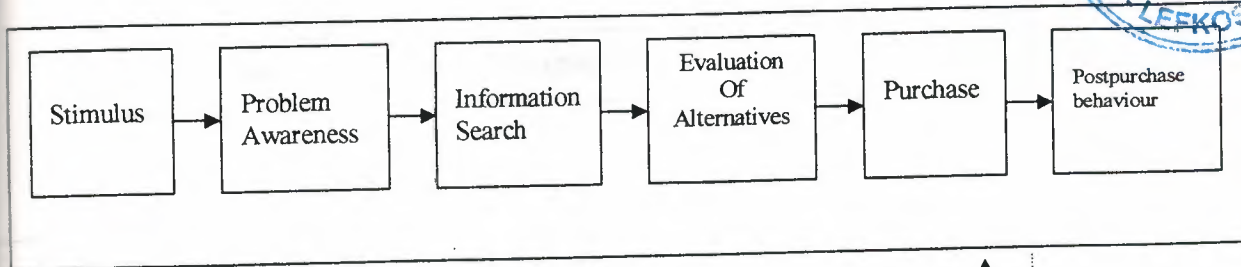




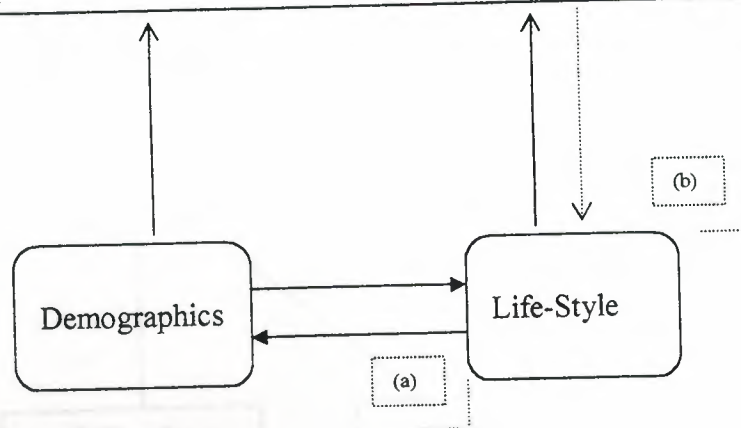


## Appendix 2- The Consumer Decision Process:

### A. The Decision Process



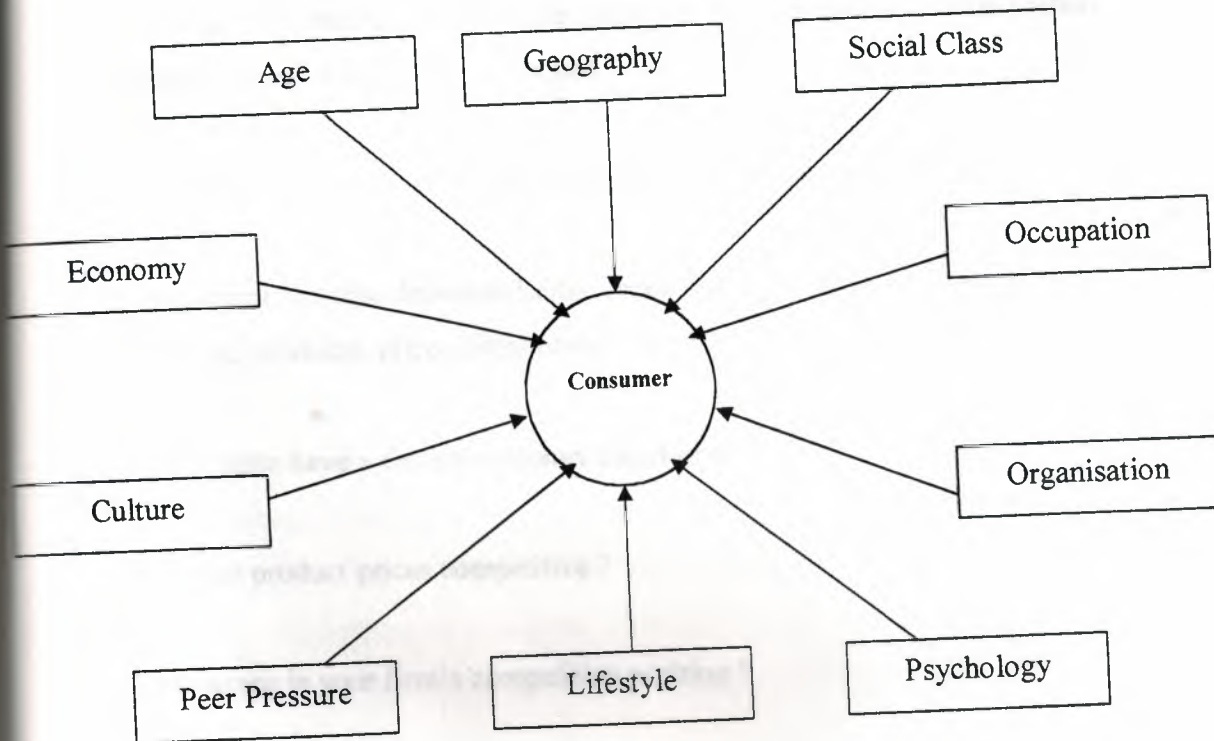
### B. Factors Affecting The Process



Note: Solid arrow connect all the elements in the decision process and show the impact of demographics and life-style upon the process. Dashed arrow feedback (a) shows the impact of life-style on certain demographics, such as family size, location and marital status (b) shows the impact of a purchase on element of life-style, such as social class, reference groups and social performance.

Source: Barman B. And Evans J. R., 1989, Retail Management: strategic approach, 4th ed.,

Macmillan Publishing Company, p.157.

**Appendix 3- Key Consumer Influences:**

Source: Czinkota M.R., Kotabe M. And Mercer D., 1997, Marketing Managment: Text and Cases, Blackwell Bussiness, p.32.

#### APPENDIX 4- MANAGING DIRECTOR INTERVIEW QUESTIONS

1. Please can inform me abit about the history and background of Lemar ( when Lemar opened, where it first launched....ect.) ?
2. How and why did Lemar decide to open a supermarket in the TRNC ?
3. What where the first decisions Lemar make before opening a supermarket (location, products, price, distribution....ect.) ?
4. Does Lemar have a certain customer target or not ?
5. Are your product prices competitive ?
6. How strong is your firm's competition position ?
7. Does Lemar have any threats ?
8. Does politics in North Cyprus affect Lemar supermarket in any ways ?
9. What is Lemar's financial analyses like ( trends in the market share, profit margins and sale growths) ?
10. What is Lemar's organization structure and does it function according to the way you want it to ?

**NOTE :** Telephone number of Lemar = 22 35111 ( you have to ask to be put through to Mr Alp Ozerk)



## APPENDIX 4 - ANSWERS OF MANAGING DIRECTOR

1. Opened 1<sup>st</sup> store 04/12/97, in Famagusta
  - Followed supermarkets like Tesco from the U.K and Migro from Turkey
  - Selling much more than mini markets and they felt the danger of Lemar
  - Sold milk and bread cheaper than mini markets
  - Occupied for major cities of N. Cyprus and planning to open the 6<sup>th</sup> store between Famagusta and Kyrenia.
  
2. Why = Because there were three type of markets (grocery shops, mini markets and supermarket imitators). Lemar had attractive opp. such as,
  - before 1997, food retail was sector under developed
  - no real supermarkets with large products ranges
  - other sectors were not attractive and no one realised the potential of food retail markets
  - supermarkets were expected to supply fresh money
  - Lemar considered that people in N. Cyprus were envying the European countries and their lifestyle

How = city which has not got any big stores, 1<sup>st</sup> Lemar tested Famagusta

  - personnel were wearing the same clothes with their names
  - clean, comfortable, large product ranges and suitable parking areas
  - Lemar was the 1<sup>st</sup> to apply barcodes
  
3. Location was considered very well. Lemar tried to locate stores in a suitable traffic condition, close to main roads and houses/flats. Accessibility is very imp. for Lemar. To choose locate, first the manager pinpoints areas and Lemar analyses the most suitable area.
 

‘We are ready to supply every food and drinks, merchandise goods (pencils, pens, slippers, vases, newspapers... etc.)’

‘We have souse shelves, frozen foods ranges, delicatessen parts and a pastry shop’

Most products are imported, such as; merchandise goods = Asia ( 100%)

Almost every food and drinks = Turkey (70%), UK (10%), USA (5%), Holland (5%), Germany (5%) and France( 5%)

Some products are produced by Lemar, such as; salt, pickles, bakery, pizza and etc.

Lemar hse one distribution centre (Nicosia branch), it works 'just in time'. Every thing delivered ( except milk) is delivered though the distribution centre.

Prices = 'customers say Lemar is expensive but, if they full up their trolleys, than you will who is more expensive'

- Lemar has a specific law in their pricing strategy
- 'We move with that law and set defined profits percentages'
- Economical changes: ' it is very difficult to define a specific price strategy and profit margins'
- Customers = 'we try to satisfy all our customers, we try to understand every type of buyer and to increase their satisfaction'
- 'We also considered the market segments carefully to understand buyers

4. 'No, we aim to all different type of customer groups.

5. 'our prices may be higher than other markets but, we offer our customers a high service, with high quality products and the ability to do their shopping in a relaxed way'.

6. 'We believe that our competition postion is strong because. We will that there, we provide our customers with a quality service and a very large product range, including foreign products'.

7. ' No, we don't have any threats'.

8. 'Yes, for example the economic condition at the moment has effected us. We end up having to increase our prices, like it or not, especially with the foreign products'.

9. 'Sorry, but we can not give any information about our financial analyses'.

10. four mang. Levels :

\* Level one : Head office, coordinated by one man.director. headoffice is in the city. The other 3 levels are directed by manager.

\* Level two : Store managers. One store manager. They give reports to the mang. Director during and at the end of the day. Each store manager is responsible for 2 assistant managers.

\* Level three : Assistant mang. responsible for every activity in the store and gives reports to the upper level of the org. They warn the company in critical times.

\* Level four : Store responsible. There are 2 shelf responsables, casher responsables, delicatessen responsables, grocery responsables, bakery responsables information gather and café responsables.

' Shelf responsables are the most important part of my 4<sup>th</sup> level, they give information about the last situation on the shelves'

'The 4 responsible staff are critical in this process and we need each others strong cooperation, otherwise we wouldn't become a strong company.



## APPENDIX 5- CUSTOMER QUESTIONNAIRE

1. Gender :            Male            Female

2. what is your occupation ?

Worker      Student      Housewife      other

3. Do you shop at Lemar suoermarket ?

Yes            No

4. Is Lemar suitable and an neccessity for the TRNC ?

if yes, why .....

if no, why .....

5. What are your perceptions for Lemar ?

Yes

No

- a) Friendly staff
- b) Enough staff to help
- c) Enough product variety
- d) Enough fresh food variety
- e) High quality service
- f) High quality products
- g) Suitable product prices
- h) Clean store
- i) Comfortable shopping atmosphere
- j) Fash cashers
- k) Enough trolleys
- l) Suitable car park areas
- m) Suitable store locations
- n) Suitable working hours

- 6) Are other facilities of Lemar suitable ( fast restaurants, pastry shop, newspaper and magazines section....ect.)
- 7) What are your expectations from Lemar supermarket ?