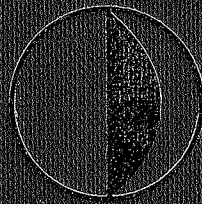


NEAR EAST UNIVERSITY



1988

Department of Business
Administration

Marmar Mermer

Graduation Project
MAN - 400

Submitted by: Anil Es (991756)

Submitted to: Asst. Prof. Dr. Erdal Güryay

Nicosia - 2002



TABLE OF CONTENTS

Preface

Abbreviation

Executive Summary

List of Tables

List of Appendix

INTRODUCTION

A. Aim of the research.....	1
B. Methodology.....	1
C. Limitation.....	1

I. HISTORICAL BACKGROUND

1.1. Natural Resources.....	2
1.2. Aim of Company.....	2
1.3. Historical Background of Marmo Mermer.....	2

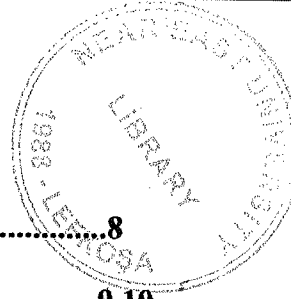
II. FINANCIAL ANALYSIS & PRODUCTION OF MARMO

2.1. Balance Sheet of Marmo.....	3
2.2. Income statement of Marmo	4
2.3. Sales Rate.....	5
2.4. Distribution Channels of Production.....	5
2.5. Product Differendiation.....	6

III. ANALYSIS OF MARKET

3.1. Demand Analysis.....	7
3.1.1. Characteristics of Market.....	8





3.2. Competitors of Marmo.....	8
3.2.1. SWOT Analysis of Marmo.....	9,10
3.3. 5 Force Model.....	11,12,13
3.4. Pest Analysis of Marmo.....	13,14,15
3.5. Product Life Cycle of Raw and Manupulated Marble.....	16,17,18
3.5.1. Marketing Mix.....	19
3.6. Pricing Policy of Marmo.....	20

CONCLUSION & RECOMMENDATION

PERFACE

- In the introduction part we will find information about the research.
- In the first part we will find historical background of Marmo, Aim of the company and Natural resources.
- In the second part information about financial analyses of Marmo Company and information about products.
- In the third part analysis of market and use different marketing models will be explained as detail
- Conclusion & Recommendation

ABBREVIATIONS

- PLC : Product Life Cycle
- SWOT : Strength, Weakness, Opportunity, Threat
- PEST : Political, Economical, Social, Technology
- ARC : Architecture
- T.R.N.C : Turkish Republic of North Cyprus
- Ltd : Limited
- Sti : Company

Executive Summary

Marmo Marble's main problems are :

- High distribution cost and time
- High custom tax

I will examine these problems and also financial analysis of Marmo Marble. It is necessary to understand to market and Marmo Marble Swot, Pest, Five Force Model, Demand analysis, Characteristic of Market, Product life cycle and pricing policy.

LIST OF TABLES

- Table 1 : Balance Sheet of Marmo
- Table 2 : Income Statement of Marmo
- Table 3 : SWOT analyses of Marmo
- Table 4 : PEST analyses of Marmo
- Table 5 : Product Life Cycle of Raw Marble
- Table 6 : Product Life Cycle of Manipulated Marble

List of Appendix

- Balance sheet of Marmo Marble
- Income statement of Marmo Marble
- Marmo Marble product catalogue

INTRODUCTION

A. Aim of the research :

This project includes the activities of Marmo Natural Marble and Granit Industry Ltd. Sti which take place in Nicosia in T.R.N.C

I can examine Marmo Marble position in T.R.N.C market, marble place in market and how many company by doing this job in T.R.N.C. To learn advantages and disadvantages in Marble market by doing different methods like distribution channel pricing policy and survive in market.

B. Methodology :

During the preparation of this project. I have got information about position and problems of Marmo Marble Ltd Sti by making interview with one of the owner and director of the company who is Mr. Mevlüt Ünlüçayaklı and Worker Chief Mr. İlker Sakınmaz.

Marmo Marble main problems are;

- High cost because of the distances between Turkey and K.K.T.C
- Custom expense

I will examine these problems and It is necessary to understand about Marmo Marble's PEST and SWOT analysis, demand analysis, characteristic of market and distribution channel

C. Limitation

This project limited to get information relating to Marma Marble to interview one of the owners of the company Mr. M. Mevlüt Ünlüçayaklı and Workers Chief of the company Mr. İlker Sakınmaz and to get information about Marble resources in T.R.N.C in Geology Department and The Company Balance Sheet, Income Statement of Marmo, Sales Rates and Profit Sales

1. Historical Background

1.1 Natural Resources

For getting information about the Marble resources in T.R.N.C, I made an interview with Director of Geology Department Mr. Mustafa Ankaravlı and he said that there is no marble resources in T.R.N.C. He said that there was a Marble mine that was operate by Greek of Turkish nationality but now it isn't worked

1.2 Aim of the Company

The aim of the Marmo Marble is to be in a good and active position in Marble market of T.R.N.C.

Marmo planned to do this by avoiding its rivals by using an effective strategy in Marketing. By keeping the quality of the marble in the highest level with a good price policy and pay of worker. The vision of the firm is by using quality products, good price and good pay of workers to keep the sales of Marmo in the highest level in Cyprus market. Marmo mission is to sell their products to foreign countries increasing their profit and to earn foreign exchange to T.R.N.C

1.3 Historical Background

It was established in the old industry zone in Nicosia in 1990 by architect Ali Yücel Pehlivan and M. Mevlüt Ünlüçayaklı. First, it was a little company and it has got 10 workers. It moved to the place where they built in the new industry zone in 1996 by watching the building sector which is developing rapidly in Cyprus.

Marmo serve in the place new industry zone with new machines, new technology & variety of products. Now, it has got 80 workers. It adds granit marble by increasing the variety of its products in its new place

2. FINANCIAL ANALYSIS OF MARMO

2.1. Balance Sheet of Marmo

Marmo

Balance Sheet

December, 31 2000

Cash..... 300,000,000,000	N\P.....100,000,000,000
N\R..... 75,000,000,000	A\P..... 175,000,000,000
A\R..... 80,000,000,000	Tax Payable..... 35,000,000,000
Inventory..... 150,000,000,000	M. Ü. Capital..... 185,000,000,000
Machinery..... 75,000,000,000	A. v. Capital..... 185,000,000,000
<hr/>	<hr/>
TOTAL : 680,000,000,000	TOTAL : 6580,000,000,000

Table 1 : Balance Sheet of Marmo

2.2 Income Statement of Marmo

Income Statement

December, 31 2000

Sales.....	500,000,000,000
C. O.G.S.....	200,000,000,000
<hr/>	
Gross Profit.....	300,000,000,000
Operating Expenses	
Salaries.....	30,000,000,000
Utilities.....	7,000,000,000
Rent.....	25,000,000,000
Other Oper. Exp.....	12,000,000,000
<hr/>	
Total Oper. Ex.....	74,000,000,000
Net Income Before Tax.....	206,000,000,000
Tax.....	35,000,000,000
<hr/>	
NET INCOME	171,000,000,000

Table 2 : Income Statement of Marmo

2.3 Sales Rate

The sales rate decrease with respect to the economic crisis. We can see the marble import between 1999 and 2000 years nearly 50 % decrease 915.500 \$ to 593.700 \$. Sales are increase in summer season because, construction sector work fast bur sales decrease in winter season.

2.4 Distribution Channels

Marma Marble uses its own vehicles & equipments to transfer their products to the construction place. Mormo don't use marketing workers to sell their products marma is well – known in T.R.N.C marble market when customers want to buy marble they came to the firm and get information from experienced workers about the products. Customer choose what they want in wide products various.

Marma use their own workers to spread on the floor their products because they think qualified workmanship is very important.

2.5 Product Differentiation

In Marmo Marble; customer have got a chance to find the products what ever they want, Because of this; they try to keep in stock different types of marble in the company. For example, the marbles used in outside the buildings, house floor & the other part of the house like bathroom, kitchen, etc.

- Marmara kind Marble : It is used for Turkish bath and graves
- Afyon Şekeri : It is used for floor, kitchen, fireplace
- Elazığ Vişne : It is used for fireplace & decoration

- Granit Kind : It has got lots of colour types as blue, red, black, white. It is used for floor and kitchen
- Traverten Kinds : It is used for floor and outside the buildings. It is the most used marble kind in T.R.N.C. It has got 3 type : walnut, Red & Yellow

Marmara Marble is not used marble for floor and outside the buildings. But also they serve a wide alternative to the customer. For example grave store, house decoration equipment. They make vases, decoration pools, flower box for garden decoration, basin of a bath, stairs.

- Denizlik : It is used for windows front
- Harpusto : It is used for balcon.

Marmara Marble produce marbles for using in every part of the house. Customer choose the marbles what they want from the product catalogs of Marma

At the same time marma is the distributor of eraser store and it has got decorative marble store.

2. ANALYSIS OF MARKET

3.1 Demand Analysis :

People choose marble because it is natural products, people wants natural, hijyenik and presence place in their life. The common people of T.R.N.C preferences is natural and beautiful place in their life. The most preferences marble kind is Traverten. Traverten used outside the buildings its characteristic is as time passes Traverten marble appearance is beautiful. Marma marble is propose Traverten because it is suitable for T.R.N.C wheather condition other marbles-effect the heat

When we can analyse the demand analyses of the firm we see Marmo is reliable company in T.R.N.C market and high customer potential than the rivals

We see the companies references

- Dom Hotel
- Royal Hotel
- Colony Hotel
- Iktisat Bank
- Türk Bank
- Kıbrıs Limasol Bank

3.1.1 Characteristic of Market

T.R.N.C market is suitable place to sell marble Because T.R.N.C is new developing country. New developing countries to be in need of new houses, apartments, offices, hotels. Marble is important product to spread this place. T.R.N.C is a touristic country and has got too much hotels. Outside and inside view is important for the customer. Marble is provide natural, beautiful view.

Marble is lux material because of this reason it is expensive than the other construction materials. The economical condition which the country inside effects people to choose the other construction material. Marble sells increase in summer season because construction sector is move fast. In winter season because of the weather condition construction move low.

3.2 Competitors of Marmo

In TRNC market marmo has got some competitor. These are Remer, Merpas, Simtaş, Oyo. But marmo is the first marble company in the market marmo's sales are higher than the competitors and use new technology marmo doing big works like Hotels, Bank and big villas.

3.1.1 Swot Analysis

The overall evaluation of a company's strengths, weaknesses, opportunities and threats is called SWOT analysis.¹

Internal Environment Analysis (Strengths / Weaknesses Analysis)

It is one thing to discern attractive opportunities and another to have the competencies to succeed in these opportunities. Each business needs to evaluate its internal strengths and weaknesses periodically. Strength is something firm is good at or characteristic giving it an important capability. Such as; useful skill, important know-how, valuable organizational resource or competitive capability and, achievement giving firm a market advantage. A weakness is something firm lacks, does poorly, or condition placing it at a disadvantage.

External Environment Analysis (Opportunity / Threat Analysis)

Is an area of buyer need in which a company can perform profitably. Opportunities can be classified according to their attractiveness and their success probability. The company's success probability depends on whether its business strengths not only match the key success requirements for operating in the target market but also exceed those of its competitors. An environmental threat is a challenge posed by an unfavorable trend or development that would lead, in the absence of defensive marketing action to deterioration in sales or profit.

¹ Philip Kotler, *Marketing Management*, 1996, p.76

3.2.1 Swot Analysis of Marmo

STRENGTHS	WEAKNESSES
<ul style="list-style-type: none"> • Strong substructure • Skilled labor • Good relations with customer • Low cost in same products • Use new technology • Quality 	<ul style="list-style-type: none"> • High cost • High price
OPPORTUNITIES	THREATS
<ul style="list-style-type: none"> • People prefer marble • New grow up country • Touristic • Not big foreign companies 	<ul style="list-style-type: none"> • High custom cost • Alternative construction material • Some competitors

Table 3 : SWOT analyses of Marmo²

² David Jobber, **Principles And Practice of Marketing**, 1992, p.40

5 Force Model

The five-force model of competition is a key analytical tool. It covers rivalry among competing sellers in an industry, substitute products offered by firms in other industries, potential entry of new competitors, bargaining power of suppliers and bargaining power of buyers.³

A- Rivalry Among Competing Sellers

Principles of competitive rivalry are: a powerful competitive strategy launched by one firm intensifies competitive pressures on rivals and use of various competitive weapons these are price, quality, performance features offered, customer services, warranties and guarantees, advertising and special promotions

B- Substitute Products

Substitutes matter when products of firms in another industry enter the market picture. Substitute products matter because; Combatively priced substitutes can place ceiling on prices in industry can change for its products, price ceiling can place Ltd on profits industry members can earn, availability of substitutes invites customers to make quality and performance comparisons as well as price comparisons.

C- Potential Entry

New entrants boost competitive pressure by bringing new production capacity into play. Seriousness of threat of entry depends on barriers to entry and expected reaction of existing firms to entry.

³ Man 400 lecture notes

D- Bargaining power of suppliers

Item makes up large portion of costs of product is crucial to production process. They have good reputations and growing demand for their product. They don't have to contend with substitutes.

E- Bargaining Power of Buyers

- They are large and purchase a sizable percentage of industry's product
- They buy in volume quantities
- They have flexibility to purchase from several sellers
- They incur low costs in switching to substitutes

3.3. 5 Force Model

Marble Industry in TRNC

1. Threat of new entrants

Difficult to enter, because marble is expensive products, high transportation cost Turkey to TRNC tools are expensive for example winch, marble cut machine, skilled workers, vehicles

2. Power of Buyers

Power of buyers high there are 4 different marble firm in TRNC, people choose different construction materials.

3. Substitutes Products

Lots of substitutes products because marble is luxury and expensive, people choose other construction products like square flagstone, painting outside the buildings, stone, wood.

4. Power of Suppliers

There is no monopoly. There are lot of Marble mine in Turkey and other countries. If you can not agreement with one of them choose another.

5. Rivalry among competitors

There are 4 competitors in the market. There is too much in TRNC population and area

Pest Analysis

1) Political – Legal Environment

Marketing decisions are strongly affected by developments in the political and legal environment. This environment is composed of laws, government agencies, and pressure groups that influence and limit various organizations and individuals

2) Social – Cultural Environment

Society shapes our beliefs, values, and norms. People absorb, almost unconsciously, a worldview that defines their relationship to themselves to others, to organizations, to society, to nature, and to the universe.

3) Economic Environment

Markets require purchasing power as well as people. The available purchasing power in an economy depends on current income, prices, savings, debt and credit availability. Marketors must pay close attention to major trends in income and consumer spending patterns.

4) Technological Environment

The economy's growth rate is affected by how many major new technologies are discovered. New technology creates major long – run consequences that are not always foreseeable.⁴

⁴ Philip Kotler, **Marketing Management**, 1996, p.147, 148, 150

3.4 Pest Analysis

	FAVORABLE	UNFAVORABLE
Political	<ul style="list-style-type: none"> • Political stability increase the investment (hotels, offices, buildings) automatically increase the marble sales • Custom Agreement between the Turkey decrease the cost • Candidate country for European union 	
Economical		<ul style="list-style-type: none"> • Bad economic conditions effect the firm • Differences in exchange rates
Socail	<ul style="list-style-type: none"> • TRNC people like luxury ,in their houses, office, buildings • Marble shows high level life standart 	
Technological	Marmo follow the technological newness use the necessary tools for example new technology marble cut machine, Pictures for mgrave stones, carved grave stones, motif machines	

Table 4 : Pest Analysis of Marmo Marble

Product Life Cycle (PLC)

	INTRODUCTION	GROWTH	MATURITY	DECLINE
SALES	Low sales	Rapidly rising sales	Peak sales	Declining sales
COST	High cost per customer	Average cost per customer	Low cost per customer	Low cost per customer
PROFITS	Negative	Rising Profits	High profits	Declining profits
CUSTOMERS	Innovators	Early adapters	Middle majority	Laggards
COMPETITORS	Few	Growing numbers	Stable number begging to decline	Declining number

3.5. Product Life Cycle of Raw and Manipulated Marble

Raw Marble Import			Manipulated Marble Import		
Year	\$		Year	\$	
1997	643,461		1997	38,335	
1998	475,540		1998	268,672	
1999	915,478		1999	166,082	
2000	592,636		2000	289,027	
2001	301,207		2001	181,746	

total market import
\$

RAW MARBLE IMPORT

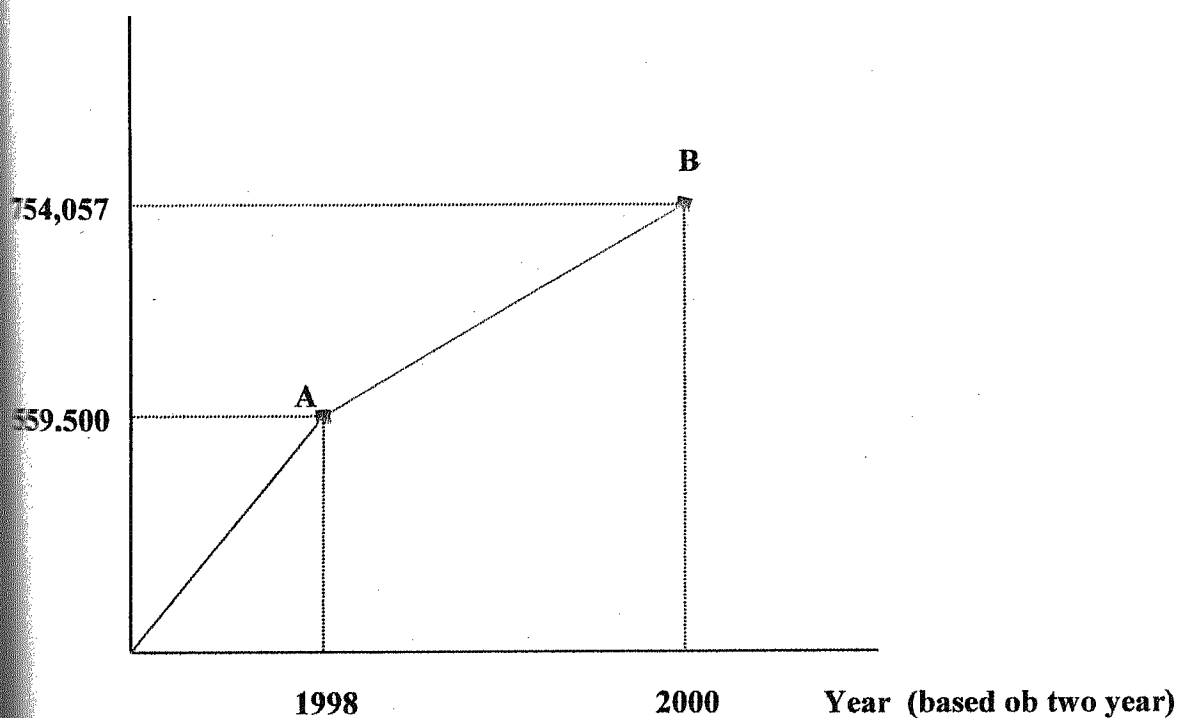


Table 5: PLC of Raw Marble

Total Market Import

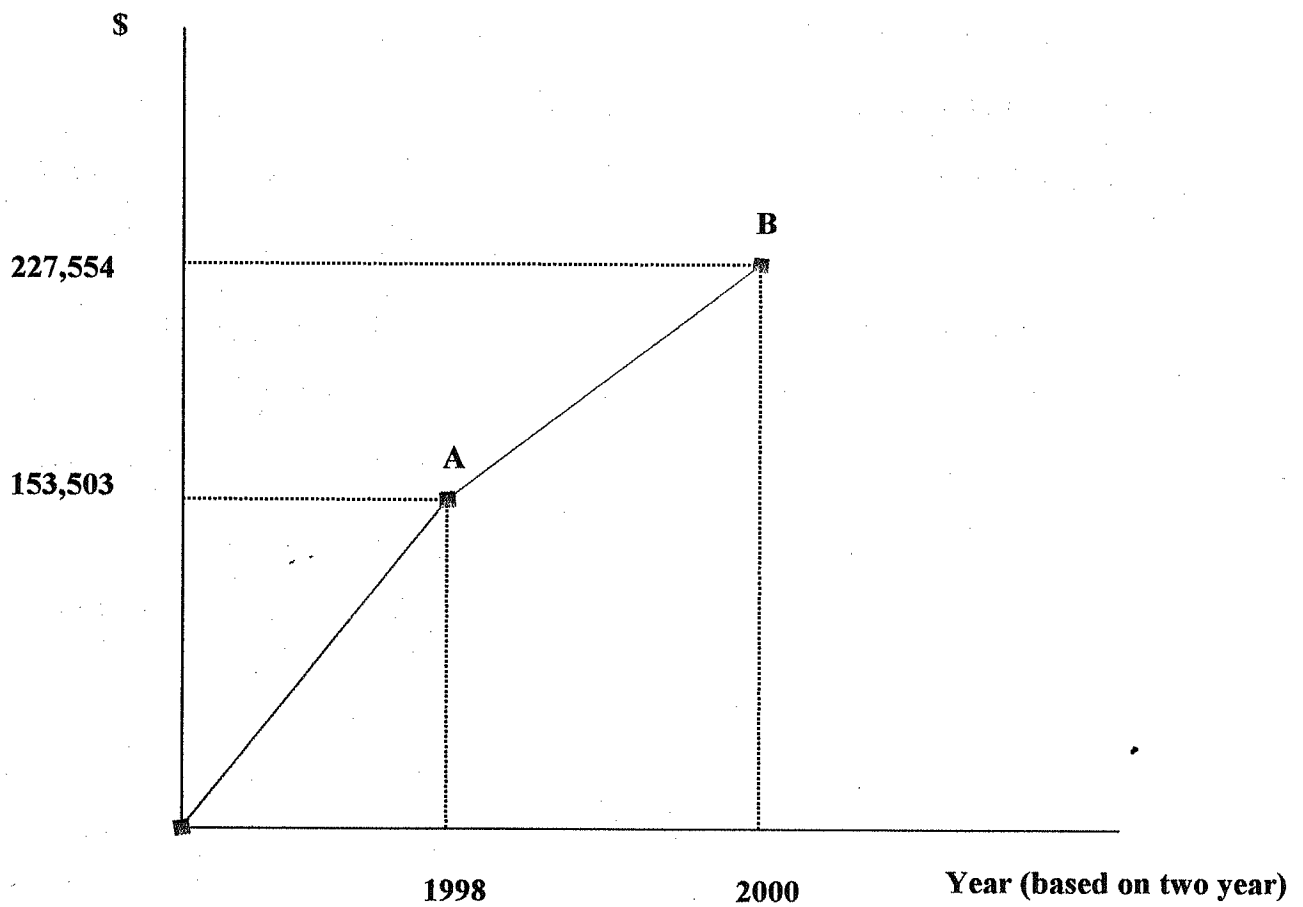


Table 6: PLC of Manipulated Marble

If we can see the import rates of raw and manipulated marble sector were in growth stage.⁵

⁵ These dates are taken from the trade department of TRNC

3.5.1 Marketing Mix

if we can analysis the Marble Sector, it was growth stage. If we can analysis the Marmo company in growth stage. We can explain the stage. Firm gives their customer, wide product alternative for example grave stone, illustrated grave stone, wases, decoration pools, fireplace

companies prices are a little higher than their rivals, company explain this quality equipment and workmanship. Company working with the marble mine in Turkey and buy Granit marble from China cheaper than Turkey. Demand for company is high they can work everywhere in TRNC. They are doing their advertising by working with big firms. Dom Hotel, Colony Hotel (New build in Kyrenia), İktisat Bank, Royal Hotel.

3.6 Pricing Policy of Marmo

Marmo Marble don't want to reflect the price differences to the customer. But sometimes it is impossible because, for example: 2 kind of marble "A" and "B". they are same quality one of the marble price is high "A" the other one is low "B" . because "A" is find not to much in the earth. "B" is very easy to find

In Marmo pricing policy is not to earn money by selling the products, earn money to buying the products. By doing decreasing the cost not to reflect the price differences to the customer. Firm use their own workers to spread the marble to decrease the cost.

In Marmo you can find many different price alternative between low and high for doing this firm increase their customer potential

CONCLUSION

In this project describe to a company market situation and its competitors examine with many strategies. This project create to the Marmo company too many opinion for understand their market.

Project starts Natural resources about marble in T.R.N.C, there is no source. For Marmo Marble this is disadvantage not to use own country resources by this reason increase their cost and important for another countries.

In the second part we can see information about distribution channels and product differentiation. Marmo use own distribution channels they use their own vehicles, trucks forklift, winch and machiney. They aren't rent them their infrastructure is good. Marmo's product differentiation is high they use marble into many type we can see in the project. Company attract customer to present wide product assortment.

Third part of the project starts to market and company analysis. In Demand Analysis we can see demand for Marble, which kind of marble choose by T.R.N.C people and the demand for Marmo Marble characteristic of market is suitable for growth because T.R.N.C is new developing country Marmo is to appraise to this growth and increase their sales but sometimes economical crisis effect the sales badly.

SWOT ANALYSIS identify to company's strengths weaknesses, opportunities and threats. Marmo use own strengths very effectively strong infrastructure, use new technology, skilled labor most of the labors educated in Turkey and low cost in some products because Marmo has got agreements with marble mine in Turkey.

Weaknesses of Marmo is high cost because they use quality products, quality works and skilled workers it effect price.

New grown up country could be an opportunity for Marmo and Touristic place. People prefer marble in their living area and not big foreign companies in the market this is chance

for Marmo. Threats of Marmo is high custom cost this is effect the cost and Alternative construction material these are choose because they are cheaper than marblse's.

Five force model analysis we can see information about market, in some part Marmo has got chance for example Threat of new entrants it is costly to enter the market and need good infrastructure but some disadvantages in the market for example 'substitute products people choose other construction products like square flagstone, wood, stone because marble price is higher.

Pest Analysis deals with political, economical social and technological factors, gives information effects to the company. Political stability increase the investment and candidate country for E.U is favorable factor of Marmo. But bad economical conditions and differences in exchange rates effects the Marmo unfavorable. Social factor is suitable for Marmo T.R.N.C people like luxury in their houses, offices, buildings and marble shows high level life standard Marmo follow the technological newness and present for customer.

Product Life Cycle of product and market shows the growth stage. Marmo follow the growth stage too, by offering product extension, services and build intensive distribution. Pricing policy of Marmo is not to earn money by selling the products, earn money in buying stage the products. Marmo gives many price alternative between low and high to increase the customer.

RECOMMENDATIONS

In the lights of results and research shows that company is successful in the sector. I made some recommendations about Marmo Marble.

- Marmo is well known company in the market, the company business deals with construction sector. They should sell different construction materials too (brick, flagstone, cement, iron) this not costly because they have enough area to store in the fabric.
- Buy cement wholesale distributor.
- Doing works in new countries (Sudan, Jordan, Syria)

List of Appendix

- Balance sheet of Marmo Marble
- Income statement of Marmo Marble
- Marmo Marble product catalogue

2. FINANCIAL ANALYSIS OF MARMO

2.1. Balance Sheet of Marmo

Marmo

Balance Sheet

December, 31 2000

Cash..... 300,000,000,000	N\P.....100,000,000,000
N\R..... 75,000,000,000	A\P..... 175,000,000,000
A\R..... 80,000,000,000	Tax Payable..... 35,000,000,000
Inventory..... 150,000,000,000	M. Ü. Capital..... 185,000,000,000
Machinery..... 75,000,000,000	A. v. Capital..... 185,000,000,000
<hr/>	<hr/>
TOTAL : 680,000,000,000	TOTAL : 6580,000,000,000

Table 1 : Balance Sheet of Marmo

2.2 Income Statement of Marmo

Income Statement

December, 31 2000

Sales.....	500,000,000,000
C. O.G.S.....	200,000,000,000
<hr/>	
Gross Profit.....	300,000,000,000
Operating Expenses	
Salaries.....	30,000,000,000
Utilities.....	7,000,000,000
Rent.....	25,000,000,000
Other Oper. Exp.....	12,000,000,000
<hr/>	
Total Oper. Ex.....	74,000,000,000
Net Income Before Tax.....	206,000,000,000
Tax.....	35,000,000,000
<hr/>	
NET INCOME	171,000,000,000

Table 2 : Income Statement of Marmo