

MULTILEVEL MARKETING METHOD TO INCREASE

SALES VOLUME (CASE STUDY ON THE GENERAL TOBACCO COMPANY IN LIBYA)

FINAL REPORT



By

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STATEMENT OF ORIGINALITY

“I, Mohammad Abdelkadr Mohammad, hereby declare that :

- The work in this treatise is my own original work;
- All sources used or referred to have been documented and recognizes;
- and
- This research has not been previously submitted in full or partial fulfillment of the requirements for an equivalent of higher qualification at any other recognized education institution.”

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DEDICATION

I dedicate this work humble to my brothers I love if passed on barren land erupted fountains of love. You were me light up the road, the light enlightens me the path to success, and to my mother dear we learned the meaning of compassion and love and loyalty and fidelity to life, which has spared no effort in my upbringing and orientation. And to the pure spirit of my father. I tell them: you gave me in life and hope and nourish the passion knowledge will not forget and I will be in my good opinion.

And all my sisters and my family to my colleagues and to the candles that burn lights to others to each of the characters taught me I hope from God to find acceptance and success.

You all respected and transfiguration.

BOIGRAPHY

I am Mohammad Abdelkadr Mohammad, I was Born 1981, I am Libyan, I got business administration in University of Arab Academic, Egypt

I have done this report to get master business Administration.

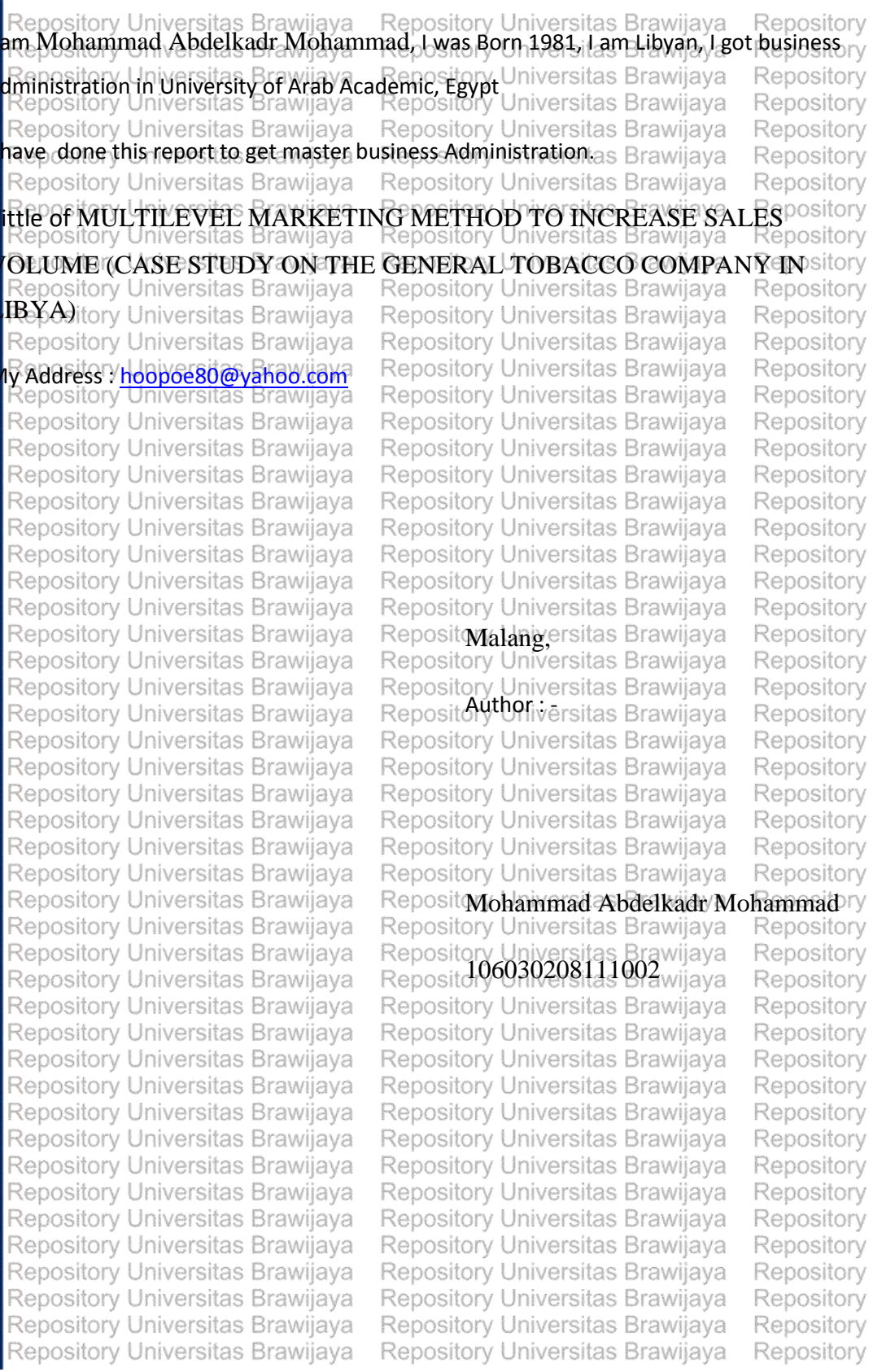
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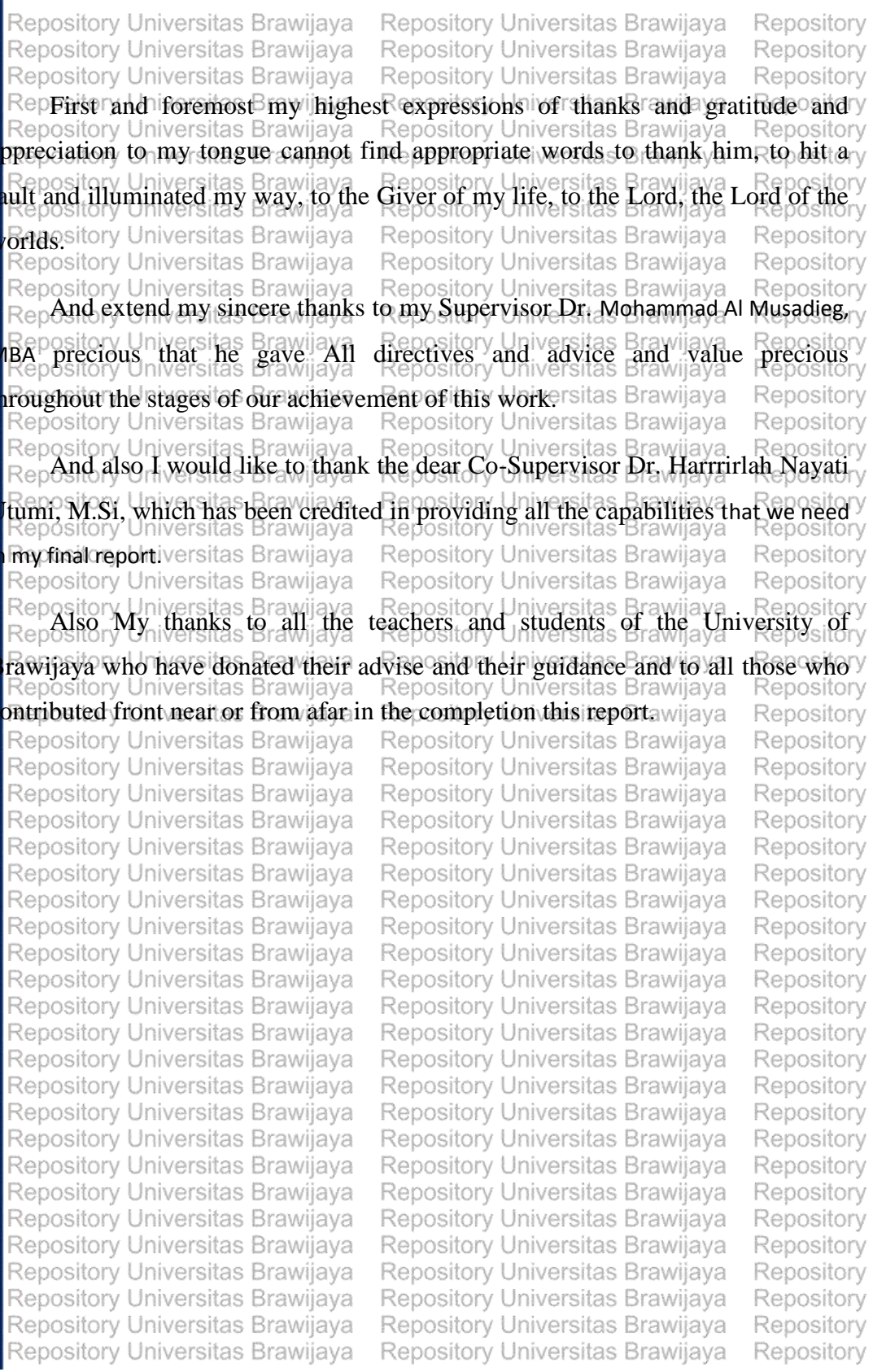
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And extend my sincere thanks to my Supervisor Dr. Mohammad Al Musadieq, MBA precious that he gave All directives and advice and value precious throughout the stages of our achievement of this work.

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Summary

Since 1997 the economic crisis struck most countries in Asia. Many developing and developed countries, such as South Korea and Malaysia have experienced it, but the current state has been detached from the economic crisis that had swept over her. And Indonesia itself is still difficult to escape the crisis economy, given the condition of politics in the country is not yet stable.

In such uncertain circumstances, it appears that the MLM (Multi Level Marketing) business sales turnover is not much affected by the economic crisis, the more days turnover is increasing. To the extent that there are MLM companies that revise its annual sales target.

Organizational and social boundaries between sales person and customers were clear and time span of their interaction or mere transaction was relatively short. In contrast, contemporary sales people are faced with extended expectations concerning their performance. Sales organizations are more and more often responsible for various aspects of the establishment, development and maintenance of long-term customer relationships. In addition, sales people are expected to be good sports and loyal citizens of the organization in relation to their fellow workers.

Marketing is a philosophy that leads to the process by which organizations, groups and individuals obtain what they need and want by identifying value, providing it, communicating it and delivering it to others. The core concepts of marketing are customers' needs, wants and values; products, exchange, communications and relationships. Marketing is strategically concerned with the direction and scope of the long-term activities performed by the organization to obtain a competitive advantage. The organization applies its resources within a changing environment to satisfy customer needs while meeting stakeholder expectations.

Libyan government tried to avoid the consequences of the libyan civil war by refunding the public sector and creating supportive strategic plans to restore the performance level of the public companies even though it still need more experince. Thats why , MLM as strtegic marketing method will enhance the firms to increase their revenues and gains through the libyan market.



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CHAPTER I

INTRODUCTION OF THE RESEARCH

1.1 Background of The Research

1.2 What is multi-level Marketing

Multi-level marketing or MLM, is a marketing strategy which creates a down line of distributors and a hierarchy of multiple levels of compensation. The sales force is compensated not only for their own sales but also for the sales of the people they help recruit. Firms having a large product base often cannot employ equivalent sales force and believe they would be better off without the traditional. The MLM is also known as Network Marketing because it utilizes a network of individual customers to hit other potential customers. In other words, every individual customer serves as a sales representative.

Multi-level marketing is a new concept as compared to traditional marketing. This concept has already gained its popularity in developed countries and developing countries. In MLM, middlemen are eliminated. Word of mouth is active and emphasized in this type of marketing, are there by reducing the cost of advertisement and sales people. MLM employs teamwork approach where customers can earn huge amount of commission from marketing, they creating new customers. Since middlemen are eliminated, a customer's obtain a (designation) position of distributor or consumer –seller through buying and selling simultaneously. In such type, marketing consumers are encouraged to form a sales team. This team can earn a standard commission by reaching the target

sales. For the more, this strategy is well known for its ability in reduced amounts of capital; investments and infrastructures. Financially MLM is a zero risk business. However, the maximum risk is due to leak of time in invested. In future MLM will be popular, as it replace the simultaneous traditional marketing, which in turn increases the sales volume and able to provide goods to customers at a reasonable prices.

1.2.1 Scope of Multi-Level Marketing

The multi-level marketing technique incorporates multiple levels of marketing; spreading to masses of potential customers; and, the desire to reach maximum number of prospects. Especially, with the advent of internet marketing the scope of MLM or Network Marketing has reached the apex. Companies in various industries like the health care products, beauty and skin care lines, cosmetics and tobacco, for instance would not survive in the long run without implementing Multi-level marketing strategies especially at the course of their business.

1.2.2 Multi-level Marketing Opportunities

Multi-level Marketing is a career of uncountable opportunities and growth prospects in the economy. In general, multi-level marketing is not only viewed as one of the most cost effective and efficient sources of marketing and distribution of products and enhance sales, profits and business, but also, it is considered to be a source of employment generation in the economy. As more people are moving towards e-marketing and e-selling, MLM will create significant employment opportunities. Further, its considered to be a source of residual income for a number of people around the world including students, unemployed, and the women especially the house wives.

1.2.3 Multi-level Marketing - an Overview

Multi level marketing is an asset for any company that wants to penetrate in the market and generate profits. Every business dreams of getting higher sales so that profits can be earned. By incorporating MLM techniques, companies can easily achieve their goals but again it is important to remember that there are no short cuts, consistency, hard work and efforts are the demands to success.

Although MLM is usually viewed as scam or illegal, its not in reality. However, one should beware of the fraudulent practices less legitimate companies usually employ during the course of their business. Also, genuine MLM companies should strictly follow the legal guidelines and employee's ethical means of practices that does not only guarantee success, but also, long term persistence of the firm.

Another dimension of MEM is the extreme flexibility of the strategy in making possible for many people to be involved in the business and generate money at their own pace. One important aspect that every multi level marketer should understand that it is not impossible and ultimate to attain success ultimately.

Currently, there are 62 MLM companies scattered throughout the territory of Indonesia. The increase of companies is a boon for consumers because increased competition may lead to better cost of products and services.

However, not all entities claiming a legitimate MLM group. There are many companies and individuals who use the MLM format to deceive people (www.apli.or.id) moreover, boundary spanners and citizens of sales organizations are expected to successfully handle several relationships inside and outside of



their organization. These expectations arise among managers, co-workers and customers as well as sales people themselves. Consequently, evaluation, compensation and training of the sales force should be based on thorough understanding of the content of these new roles. This study focuses on the title of multilevel marketing strategy for the General Tobacco Company in Libya.

a) **Potential market of Libya Tobacco Company.**

Pursues company marketing policy to restore its former pre-war and begin to stand on the wishes of smokers and try to satisfy these desires does not mean that we are seeking to increase the number of smokers, but to meet the request already exists on tobacco products to meet the imported products and third party information source, depending on the updated distribution methods and systems development marketing information as one of the most important hubs to support the competitiveness of our products in the domestic market and as follows:

- 1) Diversify the existing distribution channels and increase the proportion of the contribution of commercial traders discount in the current distribution structure, because of the effect is effective in stimulating sales and reducing marketing costs
- 2) Use unconventional methods to stimulate sales to face the fierce competition (for example multi-level marketing.)
- 3) To stand on the views and proposals of dealers using the hotline to receive complaints.

4) Automating the system of dealing with traders using the computer system

and linked centrally to ensure the flow of information in the right time and place. the importance of

b) **MLM for Tobacco Industry**

and remove distortions in the gradient price for their products, on the other a

The most basic principles that govern the work of the company, which continued to be bound to apply for years, which is not seeking to achieve an

increase in sales value, but is committed to cover the demand for its products,

where you see the company that it is not wise to lure smokers to more smoking or attract new smokers, But necessitates our political and economic

not to leave is to meet the demand for imported products or smuggled to the

Libyan market, preferring the company to be maximizing profits by pursuing policies rationalize production costs on the one hand and gain consumer

confidence.

Took the company great importance to developing the skills of

workers, and that plan appropriate training programs through her training

technical and administrative, and then evaluated to determine the yield

Training in order to create cadres able to access the management

responsibilities and production and marketing to pursue rapid development in

the industry and meet the challenges of new global economic order. Among

these exercises will endeavor company to train new cadres specialized in

multi-level marketing specifically because it is important for the company at

this stage specifically, especially after what happened in the Libyan economy



from collapse after the last war and to increase definition my company more and challenge competitors and strongly.

1.3 Problem Statements

Based on the above provided, and the formulation of the problem, which has taken in this study are:

1. How is multi level marketing for General Tobacco Company in Libya?
2. How do multi level marketing methods can increase sales volume of General Tobacco Company in Libya?

The main problem after the war in Libya has negative implisions on General Tobacco Company, a significant decrease in income, the number of distributors and a loss of confidence in the company's product.

1.4 Research Objectives

Based on the research problem that was made, the purpose of this research are to describe:

- 1) Multi level marketing for General Tobacco Company in Libya.
- 2) Multi level marketing methods can increase sales volume of General Tobacco Company in Libya?



CHAPTER II Theoretical Review

2.1 Prior Research

In this research, besides using the theory as basic concept of thinking in solving the problem to be researched, researcher also used the results of previous researches that have similarities and differences in this research.

Xiangyu (2009) argues that business leaders who will be prepared for the implementation of network marketing must understand clearly network marketing. Although, in a very short period it could not bring economic benefits for enterprises, and the whole implementation is a scratch of a fully new process, but in the long run it may become the main mode of corporate marketing and endless space of profits for the enterprise. With the development of computer technology and network technology, network marketing can be developed. Moreover, the computer technology and network technology problems also baffled the further development of network marketing.

AbdelBaset (2010) had researched and examined how response data from direct marketing email campaigns could be utilized in measuring the development of a customer relationship in the context of an end-user loyalty program. The case analyzed in the study was Club Sony Ericsson e-mail campaigns targeted at its registered members. The primary research problem covered in the study was "how can email direct marketing results be measured by using Club Sony Ericsson existing campaign response and customer data in order to gain understanding of

the role of e-mail direct marketing campaigns in a loyalty program, a framework was created around the concept of customer relationship. As a form of interactive marketing, email direct marketing contributes to relationship development by providing a channel for dialogue that consists of both communication as well as interaction.

A previous study from Asikhia and Olalekan (2010) examined the relationship between customer orientation and firm performance among the small and medium scale businesses in Nigeria. Also, the study investigate the moderating effect of marketing information system and managerial attitudes on the relationship between customer orientation and firm performance. Results of this study indicated that was a positive and significant relationship between customer orientation and firm performance in the context of Nigerian small and medium scale business. The result also revealed that marketing information system and managerial attitude moderated the relationship. The outcome of this study provides very important information from a developing country perspective all needs for small and medium scales business to adopt costumer orientations as a survival and competitive strategy towards achieving customer advantage in a turbulent business environment.

In other research, Alrubaiee and Laith (2010)⁴⁵ examined that cultivating loyal customers is frequently argued to be the single most important driver of organizations' long term financial performance, which can lead to increased sales and customer share, lower costs, and higher prices. Therefore, marketing scholars emphasizes the influence of relationship marketing as a strategically important tool from which customer loyalty can be secured which results in the attainment



of higher competitiveness and enhanced customer satisfaction that can be achieved. In addition, income displayed a significant impact on the relationship between marketing strategy and customer loyalty program.

2.2 Marketing

Marketing is a philosophy that leads to the process by which organizations, groups and individuals obtain what they need and want by identifying value, providing it, communicating it and delivering it to others. The core concepts of marketing are customers' needs, wants and values; products, exchange, communications and relationships. Marketing is strategically concerned on the direction and scope of the long-term activities performed by the organization to obtain a competitive advantage. The organization applies its resources within a changing environment in order to satisfy customer needs while meeting stakeholder expectations.

In this view, strategic marketing is the requirement to develop a strategy to cope with competitors; identify market opportunities; develop and commercialize new products and services; allocate resources among marketing activities; and, design an appropriate organizational structure to ensure the performance desired is achieved.

2.2.1 Marketing Strategies that Build Customer Commitment and Loyalty

the according to Peppers & Rogers objective of many marketing strategies in the last 10 years has been building the customer's commitment to a brand or a dealer. This has taken into three forms:

a) Creating customer satisfaction- delivering superior quality products and services (Gale and Chapman).

b) Building brand equity - the sum of the intangible assets of a brand. Factors that contribute to this are: name awareness, perceived quality, brand loyalty, the associations consumers have towards the brand, trademarks, packaging, and marketing channel presence.

c) Creating and maintaining relationships.

Also, these authors (Peppers & Rogers) mentioned that a success with any of these strategies will result in high levels of repeat purchase, insulation from price increases and improved responsiveness to marketing communications by customers. There have been an evolution of marketing thought and activity over this last decade. Initially, the quality movement placed customer satisfaction as the ultimate goal of marketing programs. However, as satisfied customers were shown to defect to other brands or providers at relatively high rates, strategists looked to creating a greater commitment with the customer. Two ways to achieve this were to build brand equity (primarily for consumer products) and to build relationships (primarily for industrial products.) Brand equity used mass media advertising, corporate citizenship and public events sponsorship to build a brand image. Relationship marketing sought to build interdependence between partners and relied on one-to-one communications, historically delivered through the sales force.

With the growth of marketing databases and the Internet, the ability to reach



customers individually became a viable strategy for a wide range of firms including consumer products companies. The growth in relationship marketing was fueled by the writings of management consultants.

Commitment in his 1996 book *The Loyalty Effect*. He focused on the cost of customer defection and set the stage for the problem by claiming “many major corporations. Now lose and have to replace half their customers in five years. Using examples from financial service companies, advertising agencies, and manufacturing firms, Reichheld claimed that even small improvements in customer retention can as much as double company profits. This is because:

- a. It costs less to serve long-term customers
- b. Loyal customers will pay a price premium
- c. Loyal customers will generate word-of-mouth referrals to other prospective customers.

However, given the failure of many information technology investments to achieve the expected benefits, concerns about relationship marketing strategy are emerging. The section that follows addresses the questions of whether loyal customers are more profitable and under what conditions a loyalty strategy is appropriate.

2.2.2 Foundations of Relationship Marketing Strategy

The current conceptualization of relationship marketing migrated from organizational behavior and industrial marketing where interdependence between firms has been the foundation of successful business-to-business alliances.

Morgan and Hunt (2005) define relationship marketing as all marketing activities directed towards establishing, developing, and maintaining successful



relational exchanges. In their (Morgan and Hunt, 2005) definitions of these key constructs, they demand from social and clinical psychology, namely, social exchange theory, and the marriage literature. In their model, commitment and trust are the key mediating variables because they encourage exchange partners to preserve relationship investments, resist attractive short-term alternatives, and maintain the belief that partners will not act opportunistically.

Moreover, Morgan and Hunt(2005) described some discrete forms of relationships, and almost all were typical of the relationships that firms have with their suppliers, strategic partners, employees, and among functional units with in a firm. Only two relationships described by Morgan and Hunt involve customers or clients the relationship between service providers such as advertising agencies and their clients and the long-term relationships between service firms and their ultimate customers.

2.3 Multi Level Marketing (MLM)

Multi-level marketing program (MLM for short, later referred to as “network marketing” or MLM), as defined by the FTC any marketing program in which participants pay money to the program promoter in return for which the participants obtain the right to (1) recruit additional participants, or to have additional participants placed by the promoter or any other person into the program participant’s downline, tree, cooperative, income center, or other similar program grouping; (2) sell goods or services; and (3) receive payment or other compensation; provided that: (a) the payments received by each program participant are derived primarily from retail sales of goods or services, and not

from recruiting additional participants nor having additional participants placed into the program participant's downline, tree, cooperative, income center, or other similar program grouping, and (b) the marketing program has instituted and enforces rules to ensure that it is not a plan in which participants earn profits primarily by the recruiting of additional participants rather than retail sales.

2.3.1 Multi Level Marketing (MLM) Plans

An MLM plan is a plan with three or more levels (the operator and at least two levels of participants) that promotes the supply³ of a product⁴ to participants of the plan. Compensation is earned by participants in the MLM plan based on the supply of the product to participants and/or non-participants of the MLM plan. A legitimate MLM plan focusses on the supply of products rather than the recruitment of prospective participants into the MLM plan and offers products that consumers value and are willing to purchase (certain terms used in this section are defined below). To prevent the deception of prospective participants, if an operator or a participant makes any representation about the compensation that is or may be earned under the MLM plan, the operator or participant making the representation must disclose the compensation received by typical participants in the MLM plan. Often a product purchase, such as a distributor kit, is required to participate in an MLM plan. If the operator of an MLM plan requires a person to purchase a product to participate in the MLM plan then the product must be sold at the seller's cost and only for the purpose of facilitating sales.

2.3.2 Multi Level Marketing (MLM) Selling : Schemes of Pyramid Selling

Pyramid scheme (as currently defined by the FTC and in some state legislation) plans which "concentrate on the commissions you could earn just for



recruiting new distributors” and which “generally ignore the marketing and selling of products and services. An example of definitions used by state regulators is the following: “Pyramid scheme” means any sales device or plan under which a person gives consideration to another person in exchange for compensation or the right to receive compensation which is derived primarily from the introduction of other persons into the sales device or plan rather than from the sale of goods, services, or other property.

A scheme of pyramid selling is a form of an MLM plan focussed primarily on generating earnings through recruitment. These schemes may offer products, however the products may have very little value or the plan may offer limited incentives for their sale. Income in the scheme is derived primarily from the money prospective participants pay to join the scheme and not from the sale of product.

Often schemes of pyramid selling promise huge wealth and financial security to their participants. They usually require the participant to pay to join. This payment may be described as an enrollment fee, a membership fee or an investment into a money-making enterprise. In addition to payment, participants are typically told that they must recruit others into the MLM plan, who in turn must recruit others before they are able to earn any money. Given the finite pool of potential recruits, pyramid schemes are inherently unsustainable and eventually collapse.

Although a small number of participants at the top of the pyramid may make money, the overwhelming majority of participants lose their money.





2.4 SWOT Analysis

A. Strengths/opportunities (so)

- 1) A new marketing plan in the Libyan market.
- 2) Is a famous company name when consumers helping to spread the idea.
- 3) Few competitors for a limited period.
- 4) Provide manpower to work.

B. Weaknesses/opportunities (WS)

- 1) Double the purchasing power of the consumer (the economy)
- 2) Fear of the idea.
- 3) Company's ability to successfully implement the strategy

C. Strength threats (ST)

presence of competitors with similar products and with same marketing system.

D. Weaknesses threats (WT)

- 1) To always maintain good communication and cooperation with the referral.
- 2) Always renews every product produced.
- 3) Evaluate every marketing process that is run.

CHAPTER III

RESEARCH CONCEPTUAL FRAMEWORK

3.1 Conceptual Framework

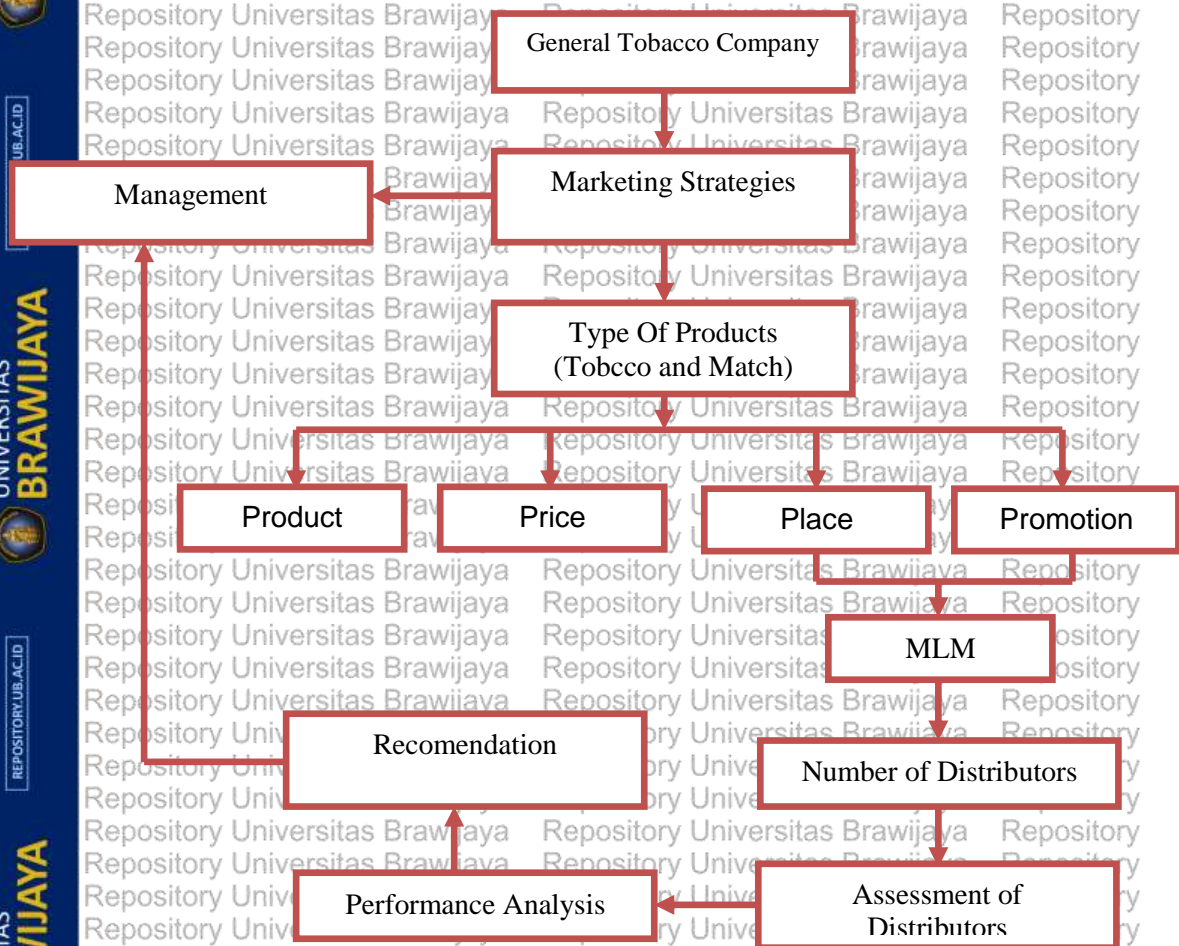
Taylor, Jon M (2000) described, when MLM programs are observed over long periods of time, pyramidal concepts, motivation, and effects become as evident as with any other pyramid scheme. But by using legitimate products to escape the definition of an illegal pyramid scheme, the major MLM companies have become far more pervasive and powerful in their effects than any illegal pyramid scheme ever was. Though a MLM company may have little or no entry fee, the purchases of products over a year's time by a given distributor may total hundreds or even thousands of dollars, of which 20-40% may be a pyramid premium dwarfing in the aggregate most participation fees for naked pyramid schemes. When the pyramid premium portion of these overpriced purchases are combined over an entire distribution network, the amount of contribution to the MLM company and its top distributors is huge.

Coughlan, Anne T.(1998), Network Marketing Organizations or NMO are retail selling channels that use independent distributors not only to buy and resell product at retail, but also to recruit new distributors into a growing network over time. Commissions and markups on personal sales volumes, and net commissions on the personal sales volumes of downlines, are the methods of compensation commonly used to motivate NMO distributors. Network marketing carries negative connotations in many marketplaces worldwide. This is because it is often incorrectly associated with deceptive 'pyramid schemes', which frequently result in financial ruin for participants and legal action against the instigators. In

contrast, true network marketing involves the development of a legitimate retail selling and distribution network that grows via social networks.

Their analysis has examined the unique marketplace tensions that an NMO executive must balance in order to create and manage a compensation structure that both motivates distributors and achieves the company's business goals.

From the description above, the conceptual framework can be described in this study as shown in the picture:



3.2 Research Variable Operational Definition

Based on the theory that has been described and evidence from previous research, the variable that will be used in this research are as follows:

3.2.1 Multi-Level Marketing

Multi-Level Marketing or network marketing according to Meng, Xiangyu (2009), network marketing is an integral part of the enterprise' overall marketing strategy, and the process to achieve the overall objectives, as various activities which is the basic means to create an online business environment. Other term explained that MLM recruits additional participants, or to have additional participants placed by the promoter or any other person into the program participant's down line, tree, cooperative, income center, or other similar program grouping.

Network marketing organizations or NMO are retail selling channels that use independent distributors not only to buy and resell product at retail, but also to recruit new distributors into a growing network over time. Commissions and markups on personal sales volumes, and net commissions on the personal sales volumes of downlines, are the methods of compensation commonly used to motivate NMO distributors (Coughlan, Anne:1998)

3.2.2 Company Performance

Firm performance measurement has been described in terms of the extent to which a firm's economic and strategic objectives are achieved in the market place. Since essentially all firms regularly set and refine strategic (e.g. market share, brand awareness) and economic (e.g. profits, sales, return on investment) goals for their pursuits, high performance is likely to be a function of the degree to

which the firm has achieved its goals (Lei and Slocum, 2005). Some form of

general performance must be used in order to substantially compare the performance of a variety of firms. Most commonly, studies use economic measurements to determine the relative performance of the firm. These measurements such as sales, sales growth; and profitability are easiest to attain as well as compare across firms.

It has been established that firms with superior marketing competencies (compared with competitor are likely to be more successful, that is, they perform better (Day, 1994). The several dimensions identified as firms' marketing competencies include: product development skills, product quality, technical support/after sales services, product line breadth, cost/price competitiveness and customer relationship skills. Day (1994) also emphasizes that a firm's capabilities and constraints have an important influence on its choice and implementation of strategies to translate marketing competencies into positive firm performance.

Marketing competence of a firm is thus expected to enhance a better delivery of a firm's products and services which will in turn stimulate performance.



CHAPTER IV

RESEARCH METHOD

4.1 Type of The Research

Based on the problems and research objectives, the research was conducted using a phenomenological research approach are the type who wants to study more in revealing and understanding the phenomena behind the issues that have been formulated. Phenomenology literally means the study of phenomena. It is a way of describing something that exists as part of the world in which we live. Phenomena may be events, situations, experiences or concepts. We are surrounded by many phenomena, which we are aware of but not fully understand. Our lack of understanding of these phenomena may exist because the phenomenon has not been overtly described and explained or our understanding of the impact it makes may be unclear (Hancock, 1998 : 92). Phenomenological research begins with the acknowledgement that there is a gap in our understanding and that clarification or illumination will be of benefit.

Phenomenological research will not necessarily provide definitive explanations but it does raise awareness and increases insight (Hancock, Bayerley:1998).

Empirical phenomenological research returns to experience in order to obtain comprehensive descriptions. These descriptions then provide the basis for a reflective structural analysis to portray the essences of the experience (Moustakas, Clark:1994). Moustakas then proceeds by presenting Husserl's ideas on transcendental phenomenology. Phenomenology attempts to eliminate everything

that represents a prejudgement or presupposition. It requires to look at things openly, undisturbed by the habits of the natural world.

The challenge is to describe things as they are, to understand meanings and essences in the light of intuition and self-reflection. Meaning is created when the object as it appears in our consciousness, mingles with the object in nature: “what appears in consciousness is an absolute reality while what appears to the world is a product of learning”. Moustakas explains (1998. 27), the act of consciousness and the object of consciousness are intentionally related. Intuition is therefore essential in describing whatever presents itself and in his transcendental philosophy Husserl preferred using intuition over deduction.

In this study, aimed not only to describe the condition, but more than that this study tried to optimal performance of multi-level marketing strategy in a Libyan company for tobacco and ways to take advantage of this strategy in the light of the current situation to the Market Libya

4.2 Methods of Data Collection:

The methods used to collect the data in this research relied on a number of ways, including:

Descriptive research

As its name is known, seeks to provide descriptive and accurate description of the observations of the phenomena based on the data that has been collected. The goal of the data collection is to describe the basic accuracy of the information and as a result, try this academic research to describe the current Libyan market conditions and the performance of this area after the Civil War.

Source of data

Documentation wide range of written materials can produce qualitative information. They can be particularly useful in trying to understand the problem

as may be existed on ground in research and case studies.

They include:

Policy documents, mission statements, annual reports, minutes or meetings, codes of conduct, all the used documentations and academic material

were a valuable on internet and the opened official website of the public libraries.

Type of data used in this study is the primary data, which is obtained directly from

the source of such information comes from collected documentation such as

articles and official websites and statistics and global reports on internet .

Data Analysis Methods

Using rational analyzing to build a link between the data and the results

and the recommendations and that includes the SWOT analysis.



CHAPTER V

Multi-level marketing for THE GENERAL TOBACCO COMPANY

5.1 Introduction:

Multi-level marketing is applied all over the world and there are many companies

Have succeeded in this marketing and won a lot of good use to raise Margin and expansion of the product and increase distributors, in order to give more

comprehensive explanation the chapter will be divided into two subtitles as followed arrangement: 1 clarification of the research's subject ((The General Tobacco Company))

5.2 The General Tobacco Company

One of the public companies that are owned by The General Industrialization Corporation. It was established in 1972 with a capital of 5 million Libyan Dinars. The current capital of the company is 36 million Libyan Dinars. The company specializes in tobacco harvesting, making and marketing of cigarettes, cigars and other tobacco products in addition to matches.

The size of the company investments at the end of the 2000 reached one million Libyan Dinars. The company is run by a people's committee which heads seven departments, nine offices, one branch and 10 sales offices throughout that Libya.

As we all know, that Libya passed circumstances cruel war two years ago, which led to impact business process at home and abroad, which led to stagnation in the movement of products have production companies, and certainly in these circumstances foreign companies seize the opportunity to promote their

products alternative to these companies under the stops production of local companies. The consumer also important was loyalty or admiration for the products of local companies after a period of interruption that occurred because of this war will be moving to alternative (foreign brands) items away from pleasing the same quality or price. In this period, now Libya in the ascending phase of growth in all pillars of the country and these columns of Industry and Trade to gain consumer confidence again and single out company General Tobacco and do promote their products within Libya again significantly and diffuse and the duration of the few if possible, and one of these methods successful companies personal opinion is a multilevel marketing.

5.3 Company Policy

Start a marketing plan for the company analyzed the environment and then typing the message and setting goals and strategies, then the development of the marketing program, with the development of the rules and procedures governing the marketing process.

1) Analysis of The Environment:

Should the external environment is analyzed in order to determine the needs and desires of consumers accurately, and in order to identify the suitability of the product for this environment or not. Divided the environmental analysis process to analyze internal and external analysis:

a) The External Environment:

Include two types of environments: - Industrial environment: concerns regarding the product from alternative product suppliers and consumers,

competitors, their numbers and the degree of competition between them. ·external environment: in relation to each company that may affect of change in tastes and cultures, laws, customs and traditions of the consumers, and policies.

b) Internal Environment:

It factors from within the organization, such as size, number of employees and the degree of competence, strategies and rules.

2) Setting Goals:

Related marketing objectives of profitability and the amount of the slide target market, customer service, and sales volume desired, in addition to the existence of other goals such as non-profit show organized in a perfect picture.

Goals must be situated in a range of features including:

- a. Definition
- b. Precision
- c. Easy and the possibility of measurement
- d. Link the extent timetable
- e. Appropriate and compatibility with the written message
- f. Challenge
- g. Stimulus
- h. Commitment

3. Strategy:

There are many types of strategies, policies followed in terms of the initiative to enter the market or wait to learn and benefit from the mistakes of the initiators, and there Strategies growth, such as growth vertical buying distribution



outlets or supply, and growth strategies horizontal expansion in new markets the product current or new products for these markets.

4. Marketing Programs:

Explain how to configure the software, delivery and follow-up marketing campaign for the product. Set rules and procedures and daily life:

For Example to develop method and specific controls in dealing with the client or the ways and methods of coordination with other departments in the organization

5. Multi level marketing for The General Tobacco Company:

Multilevel marketing is one of the strategic plans extraneous appointed Arab market, especially in North Africa and the market in Libya an important market and buoyant in the previous period. Our company has followed several strategies to increase profitability, and the spread of its own item. Among these Strategies is a multi-level marketing, has suffered a few at the beginning of the use of this strategy for several reasons, including, for example, lack of experience, buyers fear, mistrust. The company has continued to this strategy after profits, the company has developed a monument to focus on this strategy and focused on them and provided all that is available to be applied efficiently. But the war has in recent years the company has lost many of its employees who specialize in this successful strategy.

6. Multi level marketing method to increase sales volume of The General Tobacco Company:

With increasing pressure on companies to compete amid rising costs and

competitive challenges and tough economy, and solid sales are more important



than ever. How companies "large" keep getting bigger, while the small companies sometimes seem to recession? Adults know how to put their products and services for competitive advantage. They know about the strategies that can keep stable sales or grow - even in the most challenging business environment. Small businesses can also use these technologies to remain viable in a competitive business environment increasingly. To identify the Libyan market and over its effects large in the recent period, which led to the destruction of the economy and the lack of liquidity among consumers and distrust purchasing power and companies entering foreign competition and also the destruction of infrastructure and the lack of staff on the war, which led to death mostly and the rest in prison

The methods that increase volume in company are:

1. Understand the value of a customer

What's a customer worth? Fare more than the value of their original purchase from you. A customer represents a long-term, not a onetime value. If you provide good service and good value to a customer today, that customer will continue coming back to you in the future – and will tell others about the benefits of your product/service.

2. Create and maintain a solid company image

Position your company in the minds of consumers so they know who and what you are. Instead of attempting to be "something for everyone," make an effort to be "something special for a special few." Segmentation is the way to build sales and increase market following. Cater to a specific group of customers and provide Sound goods and services for that market

3. Stick to the basics

Some businesses become enamored with every new marketing strategy or business approach heralded by the latest business guru. When it gets right down to it, though, it's the basics that really matter. A good product or service backed by solid promotion to the right market and followed up with exceptional customer service are the keys to continued success in any business.

4. Treat your employees the way you would like them to treat your customer

We've all been the victims of poor service. Poor service is frequently the result of poor management. An employee who is not treated well by the boss is not likely to treat the customers very well either.

5. Know who you want to sell to – and why

A company that just wants to “make a profit” won't be in business for long. Successful businesses select a market and then take steps to specialize in producing products and services designed specifically for that market. Think about the businesses that you frequent. Do they provide products for “everyone or Do they cater specifically to a certain need that you have?

6. be alert to changes in the marketplace

Rising oil prices, growing concerns with health care costs, a poor economy –civil wars these are just a few examples of issues that can affect the sales of your products and services. You can't operate your business in a vacuum. Keep an ear



to the ground and be aware of current issues and their potential to impact your business.

7. Embrace new technology

Today, more and more customers expect that you will be using technology to provide better service to them. An Internet site and a presence on the social media sites where your audience is engaged are essential. Companies are also beginning to explore how these new tools can help improve efficiency and processes customer forums, for instance, allow customers to help themselves – and each other – and can relieve some of the burden on a company's help desk.

8. Hire only the best.

Good employees are hard to find and worth every cent you pay them. Don't skimp when it comes to hiring. Take the time to clearly identify the qualities you need in an employee and to carefully review each job candidate.

Your employees are a reflection of your business – and your brand. Aim high – your customers will appreciate it.

9. Keep an eye on the competition

10. Communicate



5.4 Recommendations:



1) Assist in the spread of sales and distribution for the company.

2) Granting courses to train new staff to deal with the consumer.

3) Waterless large number of consumers through advertising provided by the company.

4) Through the staff in terms of unifying the company uniform and publicize it.

5) Benefit from foreign expertise that follows the same plan.

6) Providing safeguards for consumers to gain their trust.

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