

**A STUDY ON MARKETING AND CUSTOMER
SATISFACTION IN TIMBER AND FURNITURE
BUSINESSES IN STATE OWNED ENTERPRISE**

Anusha Chathurani Manawadu

(138419J)

Dissertation submitted in partial fulfillment of the requirements for the degree of
Master of Science in Project Management

Department of Building Economics
University of Moratuwa

Sri Lanka

June 2018

DECLARATION

I declare that this is my own work and this thesis does not incorporate without acknowledgement any material previously submitted for a Degree or Diploma in any other University or institute of higher learning and to the best of my knowledge and belief it does not contain any material previously published or written by another person except where the acknowledgement is made in the text.

Also, I hereby grant to University of Moratuwa the non-exclusive right to reproduced and distribute my thesis, in whole or in part in print, electronic or other medium. I retain the right to use this content in whole or part in future works (such as article or books).

Signature:.....

Date:.....

The above candidate has carried out research for the Masters thesis under my supervision.

Signature of the supervisor:.....

Date:.....

ABSTRACT

A study on marketing and customer satisfaction in timber and furniture businesses in state owned enterprise

The Thesis is based on the timber and furniture production of the State Own Enterprise (SOE). The research is conducted in the case study method, in which a data analysis is represented and a random feedback is obtained through a questionnaire presented to selected customers and showroom manager as well. Even the top management is also provided with the opportunity to express about their attitudes and the achievements in their strategic implementations. Concept of consumer based product development in the timber business is thoroughly discussed all over the research where it outlines the importance and strategies of creating a better customer relationship for furniture and timber product market. Moreover, it surveys about the commercial strategic plan of the SOE and how the strategic plan is implemented. The strengths, weaknesses, Opportunities and Threats which influence the SOE is also researched and discussed.

Customer feedback on the timber products also has been collected through a random questionnaire basis which included almost all aspects regarding the timber production of SOE. The customer relationship and satisfaction for timber and timber products in the market were analysed through this questionnaire. Another questionnaire has also been conducted with sales officers of the furniture outlets to examine the consumer behaviour so far. Through this questionnaire it was able to collect information on the reasons for customers being interested on SOE products and the reasons for their disappointments as well. With the results obtained through data analysis are information collected, conclusions are made and further recommendations are present. It is concluded to study the concept of consumer based product development in timber business. Further, it is identified the importance of applying a suitable marketing strategy and a suitable commercial strategy for furniture production. Amongst all, creation of better customer relationship for timber product markets could be identifies as the utmost requirement. Further research is suggest, such that to discuss about the employee satisfaction and utilization of modern machinery in furniture production.

Keywords: *Marketing Strategy, Marketing Concepts, Segmentation, Price, Quality Management, Customer Satisfaction*

ACKNOWLEDEMENT

I would like to express my heartfelt gratitude to the following people without whom this study would not have been possible:

Dr. K.A.K. Devapriya, for the constant guidance, advice, knowledge and encouragement given to me throughout the course of this study.

Deputy General Manager (Marketing), Deputy General Manager (Research and Trainee), Deputy General Manager (Finance) of the State Timber Corporation, for the constant guidance, advice, knowledge and encouragement given to me throughout the course of this study.

Mr. Samantha Wijayarupa, Asst. General Manager (Marketing), Mr. G.G. Thisara Gamage, Asst. General Manager (Production) and Mr. C.K. Muthumala Manager (Research and Trainee) for State Timber Corporation, for the proper guidance given and for spending their valuable time on examining the content of the dissertation and releasing me to attend this course in order to enhance my knowledge in field of Project Management.

All executives and staff of the State Timber Corporation, for spending their valuable time on providing me with the necessary information and educating me on industry practices. My friend Ayodh's family and my uncle Asiri for comments and remarks.

My Loving parents, my loving sister and brother for supporting and encouraging me as always and everyone else who helped me in numerous ways to execute this study.

I am indebted to my colleagues and friends who supported me in various ways all throughout my University life, and Office especially during the time of dissertation writing.

TABLE OF CONTENTS

	Page
Declaration	i
Abstract	ii
Acknowledgement	iii
Table of contents	iv
Lit of figures	ix
List of Tables	xi
List of Abbreviation	xii
List of Appendix	xiii
CHAPTER ONE – INTRODUCTION	1
1.1 Background Study	1
1.2 Aim and Objectives	2
1.3 Methodology	2
1.4 Scope and Limitation	3
1.5 Chapter Breakdown	3
1.6 Summary	3
CHAPTER TWO – LITERTURE REVIEW	5
2.0 Introduction	5
2.1 What is Marketing?	5
2.2 Types of Market Systems	6
2.2.1 Perfect Competition	6
2.2.2 Monopoly	6
2.2.3 Oligopoly	6
2.2.4 Monopolistic Competition	7
2.2.5 Monopsony	7
2.3 Competition	7
2.4 Marketing Environment	8
2.5 Marketing Strategy	13

2.5.1	The Marketing Mix	13
2.5.2	Marketing tools	14
2.5.3	Weaknesses of the marketing mix	14
2.6	Segmentation	15
2.7	Target Market.....	17
2.8	Positioning	17
2.9	Consumer Behaviour in Marketing	18
2.9.1	Consumer Behaviour Models	19
2.9.2	Type of Consumer Product	19
2.10	Level of product	20
2.11	Core Concepts in Marketing	21
2.12	Summary	22

CHAPTER THREE – CONSUMER BASED PRODUCT DEVELOPMENT

	IN TIMBER AND FURNITURE BUSINESS	23
3.0	Introduction	23
3.1	Commercial Management	24
3.2	Commercial Leadership	24
3.3	Marketing Concepts	24
3.3.1	Production Concept	25
3.3.2	Product Concept	26
3.3.3	Selling Concept	26
3.3.4	Marketing Concept	26
3.3.5	Societal Marketing Concept	27
3.4	Types of Product	27
3.4.1	The Differentiated Product	27
3.4.2	The Customized Product	27
3.4.3	The Augmented Product	28
3.4.4	The Potential Product	28
3.5	Customer Satisfaction	28
3.6	Quality Management System	29
3.6.1	Structure and Terminology	31

3.6.2	Product and Services	32
3.6.3	Context of the Organization	32
3.7	Quality Management Principles	34
3.7.1	Customer Focus	35
3.7.2	Leadership.....	35
3.7.3	Engagement of People	35
3.7.4	Process Approach.....	35
3.7.5	Improvement	36
3.7.6	Evidence- Based Decision Making.....	36
3.7.7	Relationship Management	36
3.8	Price	36
3.8.1	Pricing Approach	37
3.8.2	Pricing Goals	37
3.8.3	Pricing Determination	38
3.8.4	Setting Pricing Policy	39
3.9	The wood furniture value chain	41
3.10	There Axis Value Generation in Furniture Markets	42
3.10.1	Consumer as source of Value	43
3.10.2	Consumers Value Approach	43
3.10.3	Consumers Value Approach	44
3.11	Opening Minds.....	45
3.12	Personal Selling	47
3.13	Sales Promotions.....	47
3.14	Summary	49
 CHAPTER FOUR – RESEARCH METHONOLOGY		50
4.1	Introduction	50
4.2	Research Philosophy	50
4.3	Research Approach	51
4.4	Research Process	52
4.5	Conceptual Framework	53
4.6	Case Study Design	53

4.6.1	Identification of Units Analysis	53
4.6.2	Defining Number of Cases.....	54
4.6.3	Selected Cases.....	54
4.7	Case studies Methodology.....	55
4.8	Date Collection Technique	55
4.9	Analytical Strategy	57
4.10	Summary	58
 CHAPTER FIVE - DATA ANALYSIS AND RESULT		59
5.0	Introduction	59
5.1	Commercial strategy for timber business in state sector	60
5.1.1	Market share in the Industry	60
5.1.2	Market Share	62
5.1.3	How the brand has Performed	62
5.1.4	Differentiation from Competition	63
5.2	Customer	63
5.2.1	Value Added Services	64
5.2.2	Quality Assurance	64
5.3	Assess customer satisfaction	65
5.3.1	Customer Complains Process	66
5.4.2	Customers Compensated for Defects and Service breakdown	67
5.4	Marketing Performance	68
5.4.1	Profit Growth Trend Analysis.....	68
5.4.2	Timber and Timber Related Products	69
5.4.3	Value Addition Growth.....	70
5.5	SOE Furniture Pricing	71
5.6	Furniture and Timber Production in State Owner Enterprise	72
5.7	SOE's timber and furniture Businesses	79
5.8	Customer Relationship and Satisfaction for Furniture and Timber Product Markets.	91
5.9	Summary	109

CHAPTER SIX - CONCLUSIONS AND RECOMMENDATIONS	111
6.1 Introduction	111
6.2 Conclusions	111
6.2.1 Study the concept of Consumer Based Product Development in Timber Business.....	111
6.2.2 Examination on Suitability of Marketing Method for Furniture Production.....	111
6.2.3 Study Commercial Strategy for Timber Business in SOE.....	112
6.2.4 Creation of Better Customer Relationship for Furniture and Timber Product Markets.....	112
6.3 Recommendations for a Marketing Strategies & Customer satisfaction of SOE	112
6.4 Further Research	116
 List of References	 117
 Appendices	 120

LIST OF FIGURES

Figure 2.1	Marketing Environment chart
Figure 2.2	Micro Environment chart
Figure 2.3	Macro Environment frameworks
Figure 2.4	Level of Product
Figure 3.1	Marketing Concepts
Figure 3.2	QMS Chart
Figure 3.3	Principle of quality management
Figure 3.4	Global trends of the furniture sector
Figure 3.5	Value chain the wood chain industry
Figure 3.6	Consumer's value perceptions
Figure 3.7	Life cycle of the value
Figure 3.8	Maslow's hierarchy of needs
Figure 3.9	Potential needs of furniture buyer
Figure 4.1	The research process
Figure 4.2	Conceptual framework
Figure 4.3	Case study design chart
Figure 5.1	Contribution of SOE product to the revenue-2016
Figure 5.2	Profit growth trend analyses (2005-2014)
Figure 5.3	SOE timber logs production
Figure 5.4	SOE sawn timber production
Figure 5.5	SOE furniture productions
Figure 5.6	Value additions Growth
Figure 5.7	Sawn timber - per 1 dm ³ rate for furniture manufacturing 2014 -2017)
Figure 5.8	Labour cost - per 1h rate for furniture manufacturing 2014 -2017
Figure 5.9	Furniture price – Teak /with Tax (12%-17% - 2014 -2017)
Figure 5.10	Information of the service provided by SOE
Figure 5.11	Awareness of the service provided by SOE
Figure 5.12	Industry in which customer are employed
Figure 5.13	Customer's monthly Income level

- Figure 5.14 Age group
- Figure 5.15 The purpose of buying furniture from SOE
- Figure 5.16 Adequacy of the logs, sawn timber and furniture in order to fulfill the customer requirement
- Figure 5.17 Variety to design for furniture to facilitate customer with their selection
- Figure 5.18 The opinion of the customer about the price of SOE product
- Figure 5.19 Awareness of customer design of furniture
- Figure 5.20 Satisfaction of SOE Services
- Figure 5.21 Inquiries about the quality of the furniture depend on the price
- Figure 5.22 Opinion about the price of the furniture and the kinds of timber that are used
- Figure 5.23 Issues associated with furniture item
- Figure 5.24 Opining about the SOE standards
- Figure 5.25 Gender
- Figure 5.26 Monthly Incoming \Level
- Figure 5.27 Age Group
- Figure 5.28 Industry that the customers are employed
- Figure 5.29 Furniture brand of SOE
- Figure 5.30 Familiarisation with the SOE
- Figure 5.31 Competition advantage SOE has
- Figure 5.32 Quality of SOE products
- Figure 5.33 The prices SOE charge for their products
- Figure 5.34 Opining about SOE product quality
- Figure 5.35 Market share of SOE among the competitors
- Figure 5.36 Main differentiating factors of SOE
- Figure 5.37 Threats SOE has to face in the future
- Figure 5.38 Suggestions to improve SOE business
- Figure 5.39 Untouched area of the furniture market by SOE
- Figure 5.40 Reason for purchasing SOE product.
- Figure 5.41 Recommendation to uplift SOE market

LIST OF TABLES

Table 6.1 – Recommendation

LIST OF ABBREVIATION

SOE	State Own Enterprise
ERP	Enterprise Resources Planning
QMS	Quality Management System
ISO	International Organization for Standardization
DM	Decimetre
VAT	Value Added Tax
NBT	Nation Building Tax
NC	Nitro- Cellulose
PU	Polyurethane
WB	Water Base

LIST OF APPENDICES

Questionnaire – 01: Top Management	120
Questionnaire – 02: Showroom Managers and Depot Officers.....	121
Questionnaire – 03: SOE Customers	124

CHAPTER ONE

INTRODUCTION

1.1 Background Study

Wooden furniture has become the most important physical element of each and every household. Anyone rarely can find a house without a piece of furniture made out of wood. Furniture is available to use in office, hotels resting places etc. Furniture provides support throughout the daily life of human beings whenever and wherever it is required. Furniture has become a symbol of prestige for the people. Sometimes people consider furniture as an indicator of living standards in a country. Furniture provides comfort for peoples' life. Furniture items can completely make or break the complete outlook of the house. Wooden furniture makes people feel to be closer to the nature.

In Sri Lanka, State Own Enterprise produces a large volume of timber and furniture. The State Own Enterprise (SOE) is the pioneer organization in the timber industry having all necessary resources i.e. timber, human resources, machineries and equipment and financial stability to be the market leader. In order to compete in the market, take advantage and achieve market leadership, it is important that SOE expands in production capacity and improves the furniture quality (Marketing Division, 2015). Since the internal and external factors are constantly changing, SOE's corporate plan is subjected to future modification and SOE keeps such space to be modified with identified changing requirements. Top management of the SOE determines the effectiveness of achieving the objectives of the chosen strategy in the evaluation and control process.

SOE prepares its Corporate Strategic Plan as a team work. Hence the Corporate Strategic Plan considers corporation policies, National Economy Plan on timber industry, past experiences (both success and failures), customer feedback, competitors' behaviours; it gets involvement variety of people from top level employees to lower level employee across the whole organization.

The SOE has a sense to identify the market demands and to take the right action to satisfy customers. It is identified that the customer satisfaction is the utmost requirement to retain the market share. Hence it is important to manipulate the commercial and marketing strategies of the enterprise such that to meet customer satisfaction. Further, furniture revenue increment was due to recreation of ancient wooden furniture with its original look and quality. Foreigners as well as local people prefer to buy ancient wooden furniture made of Ebony, Teak, Kumbuk etc. Therefore, high quality ancient wooden furniture manufactured by SOE at a reasonable price would have been led to increase of furniture sales (Marketing Division, 2015).

1.2 Aim and Objectives

The Aim is to study the price and quality strategies for timber and furniture production in State Own Enterprise in Sri Lanka.

Therefore, the objectives of this research are,

- To identify the marketing principles taken by SOE in order to become the most stable service provider in the industry of timber and timber products.
- To examine relationship between marketing principles and customer satisfaction towards SOE
- To explain how competitive advantage influence relationship between marketing principles and customer satisfaction towards SOE
- To evaluate a relationship between the customer demographical factors and customer satisfaction toward SOE.

1.3 Methodology

The research is carried out with a single case study method, which accompanied a substantial data collection through sample survey are conducted with several related parties including the top management, middle management, workers from production sector, showroom managers, customers and consumers.

The convenient sampling method is used to select from random sample surveys, are analysed and applied for making recommendations conclusions.

1.4 Scope and Limitation

This study is focused on marketing strategies of SOE customer satisfaction on timber and timber products. Accordingly, the research is conducted about the interference of the commercial and marketing principles of SOE to the customer satisfaction on timber and timber products.

Moreover, it is discussed about the prevalent competition for timber production and the strategies to be occupy the market share.

1.5 Chapter Breakdown

Thesis composed of 6 chapters based on the phases and the consequences of the research carried out.

The first chapter gives the introduction to the research which explains the flow towards the aim and objectives of conducting the research with a rational basis. Subsequently, the second chapter will carry out the literature review which interprets the theoretical foundation of the study. In the third chapter the research methodology will be discussed whereas it includes the method of data analysis and then collected data will be analysed as well. Finally the conclusions and recommendations were presented in the sixth and the last chapter.

1.6 Summary

The chapter provides an introduction on the research and the procedure in which the research is carried out. Accordingly, a background study has been presented about the timber and timber products, as well as about the prevalent market conditions of the furniture industry in Sri Lanka. Moreover, the chapter provides a clear idea about the trends and opportunities for the furniture industry in the island.

Consequently, aims and objectives of the research are outlined whereas it mainly concentrates on the quality and the price strategy of the furniture business. Next, the methodology of the research is being identified as a single case study method. The methodology is also accompanied with a questionnaire analysis conducted with the customers, showroom managers, and the top management of the institute.

The case study is limited to data analysis on marketing strategies and customer satisfaction. In this manner the research is lined out into 6 chapters such that they describe the consequences of the research.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

Marketing is an essential aspect in handling any kind of business. In this chapter it is described about the market systems, competition, marketing environment, marketing strategies, segmentation, target market, positioning, and consumer behaviour in marketing, level of product, pricing and core concepts in marketing. It is important for any business to identify its market effectively as well as to identify the competition in the market, in order to be stable in the said competitive market.

Evaluating the market environment and its factors is far more important to identify the opportunities and to mitigate any threats as well. Subsequently, it would be more effective to identify the intention of the interested parties in order to provide the products and services such that they meet the consumer satisfaction. Accordingly, it is expected through every organisation, to execute the marketing strategies properly such that to retain the stability in the market share. In this aspect, it is important to investigate in to the level of the product such that the customer requirement is fulfilled. Along with the prevalent market conditions, it is identified that pricing too affects the marketing aspects so far. Hence it would be more effective if the pricing policy is executed in the proper manner.

2.1 What is Marketing?

Marketing is a management process which identifies, anticipate and supply customer requirements efficiently and effectively with profit socially accepted way (Homewood and Irwin, 1964).

2.2 Types of Market Systems

In market economies, there is a variety of market systems that exist, depending on the industry and the companies within that industry. It is important for small business owners to understand what type of market system that they are operating when making pricing and production decisions, or when determining whether to enter or leave a particular industry (William and McCarthy, 2005, Homewood and Richard, 1964).

Those market systems are Perfect Competition, Monopoly, Oligopoly, Monopolistic Competition, and Monopsony.

2.2.1 Perfect Competition

Perfect competition is a market system which is characterized by many different buyers and sellers. According to the classic theoretical definition of perfect competition, there are an infinite number of buyers and sellers. Amongst so many market players, it is impossible for a sole participant to alter the prevailing price in the market. If they attempt to do so, buyers and sellers have infinite alternatives to pursue (Homewood, and Richard, 1964).

2.2.2 Monopoly

A monopoly is exactly opposite form of the prescribed Perfect Competition. In a pure monopoly, there is a sole producer of a particular good or service, to which substitutes do not exist. Depending on the absence of competition, monopolist has the ability to alter the prices as they wish. Yet, their total income will be limited by the affordability of the customers and their willingness to pay the price (William and McCarthy, 2005).

2.2.3 Oligopoly

An oligopoly is far more similar to a monopoly. The basic difference is that rather than having a sole producer of a good or service, there are a number of producers for a certain product, or at least a number of producers who dominate production in

the market system. Although, Oligopolists do not conduct the same authority when marking prices as monopolists, it is possible for them to discuss with one another and decide the prices, without diligent government regulation (William and McCarthy, 2005).

2.2.4 Monopolistic Competition

Monopolistic competition consists of both elements of monopoly and perfect competition. Just as a perfectly competitive market system, there are a numerous competitors in the market. The difference is that each competitor is differentiated from the others where some can charge higher prices than a perfectly competitive firm. An example of monopolistic competition can be stated as the market for music. While there are many artists, and each artist is different with one another where they are not perfectly substituted with another artist (Homewood, and Richard, 1964).

2.2.5 Monopsony

Market systems are differentiated according to the number of suppliers in the market and the number of buyers in the market as well. Whereas a perfectly competitive market has an infinite number of buyers and sellers, a monopsony has only one buyer for a particular good or service, giving that buyer the significant power in determining the price of the products produced (Homewood, and Richard, 1964).

2.3 Competition

Completion means product which address same needs competition is one of the major challenge that marketers one of the major challenge that marketers are face continuously in the modern market there are two major challenges which are influence in the performance of the marketers under competition .

- Increasing direct competition - Similar product which address same needs
- Increasing in direct competition - Different product or less similar product which addresses same needs (William and McCarthy, 2005).

2.4 Marketing Environment

The Marketing Environment consists of the internal factors (employees, customers, shareholders, retailers & distributors, etc.) and the External factors (political, legal, social, technological, economic) that controls the business and influence its marketing operations (P. Kotler 2011).

Some of these factors are controllable while some are uncontrollable where the business operations are required to be changed accordingly. Yet, the Firms have to be well aware of its marketing environment in which it is operating to overcome the negative impact of these environmental factors, imposing on firm's marketing activities.

- **Demographic environment** -Today s almost all of the above environmental forces are changing at a higher rate than in the past creating new challenges and opportunities for the marketers.
- **Emotional marketing** - Emotional approach means linking the products with to emotions an address to the heart of the customer.
- **Relationship marketing** - Its mean developing a long term bond with the customers by using various tools and techniques. This is an important today it is hard to find or bring new customer each and every day. The main purpose of relationship marketing is developing customer loyalty by creating chain of transactions.

The marketing environment can be broadly classified into three parts:



Figure 2.1 – Marketing Environment Chart

Internal Environment – The Internal Marketing Environment consists of all the factors that generate within the organization and affect the overall business operations of the organisation. These factors includes labour, inventory, company policy, logistics, budget, capital assets, etc. which are a part of the organization and affects the marketing decisions and its relationship with the customers. These factors can be controlled by the firm (P. Kotler 2011).

Micro Environment - The Micro Marketing Environment includes all those factors that are closely associated with the day to-day operations of the business and influence its functioning and implementation of its marketing strategies. The microenvironment factors include customers, employees, suppliers, retailers & distributors, shareholders, Competitors, Government and General Public. These factors are controllable to a certain extent.

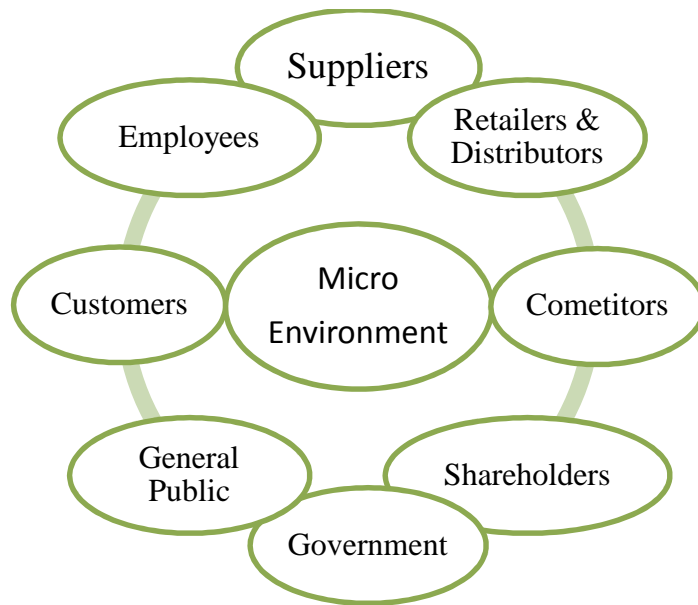


Figure 2.2 – Micro environment chat

These factors are further elaborated:

Customers– Every business is established in means of fulfilling the customer’s needs and wants. Thus, each marketing strategy should be customer oriented where as it is concentrated on understanding the necessity of the customers in order to offer the best product that fulfils their needs.

Employees– Employees are the main component of a business who contributes significantly towards its success. The quality of employees depends on the training and motivation sessions given to them. Thus, Training & Development is crucial to improve marketing skills of an individual.

Suppliers– Suppliers are the persons from whom the material is purchased to make a finished good and hence are very important for the organization. It is crucial to identify the suppliers existing in the market and choose the best that fulfils the firm’s requirement.

Retailers & Distributors– The channel partners play an imperative role in determining the success of marketing operations. Being in direct touch with customers they can give suggestions about customer’s desires regarding a product and its services.

Competitors– Keeping a close eye on competitors enables a company to design its marketing strategy according to the trend prevailing in the market.

Shareholders– Shareholders are the owners of the company, and every firm has an objective of maximizing its shareholder’s wealth. Thus, marketing activities should be undertaken keeping in mind the returns to shareholders.

Government– The Government departments make several policies viz. Pricing policy, credit policy, education policy, housing policy, etc. that impose several influences on the marketing strategies. A company has to be more concerned on these policies and make the marketing programs accordingly.

General public– The business has some social responsibility towards the society in which it is operating. Thus, all the marketing activities should be designed that result in increased welfare of the society as a whole (P. Kotler 2011).

Macro Environment-The Macro Marketing Environment includes all those factors that exist outside the organization and cannot be controlled. These factors majorly include Social, Economic, Technological Forces, Political and Legal Influences. These are also called as PESTLE framework (P. Kotler 2011).

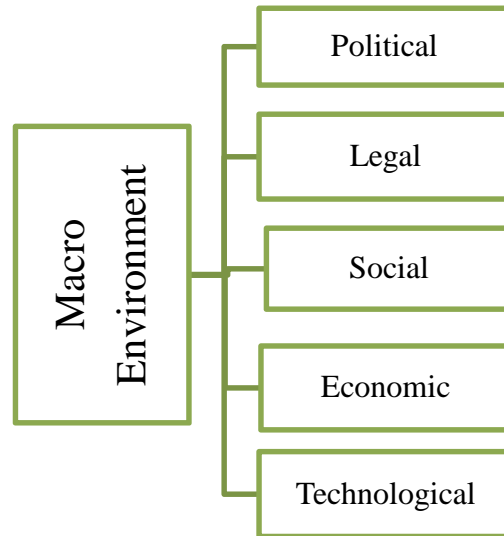


Figure 2.3 – Macro environment framework

The detailed description of Macro factors is given below:

Political & Legal Factors– With the change in political parties, several changes are seen in the market in terms of trade, taxes, and duties, codes and practices, market regulations, etc. So the firm has to comply with all these changes and the violation of which could penalize its business operations.

Economic Factors– Every business operates in the economy and is affected by the different phases it is undergoing. In the case of recession, the marketing practices should be different as what are followed during the inflation period.

Social Factors– since business operates in a society and has some responsibility towards it must follow the marketing practices that do not harm the sentiments of people. Also, the companies are required to invest in the welfare of general people by constructing public conveniences, parks, sponsoring education, etc.

Technological Factors– As technology is advancing day by day the firms have to keep themselves updated so that customers’ requirements can be met with more precision.

Therefore, marketing environment plays a crucial role in the operations of a business and must be reviewed on a regular basis to avoid any dissatisfaction (P. Kotler 2011).

2.5 Marketing Strategy

Marketing strategy is an organization's strategy that combines all of its marketing goals into one comprehensive plan. A good marketing strategy should be drawn from market research and focus on the right product mix in order to achieve the maximum profit potential and sustain the business. The marketing strategy is the foundation of a marketing plan (O'Cass2066: Eastman et al., 1999; Greedy, 1991).

An effective marketing strategy combines with the 4 Ps of the marketing mix. It is designed to meet the marketing objectives of the company while providing the best service for their customers with value. The 4 Ps of the marketing mix are related, and combined to establish the product's position within its target markets (P. Kotler 2011).

2.5.1 The Marketing Mix

“Marketing mixes have to be changed from time to time in response to new factors in the marketing picture. The firm can react to environmental changes in an expedient or a systematic fashion”

The marketing mix, which the marketing managers make the advantage for performing their marketing strategies, usually consists of a number of tools or ingredients that could be used to create customer satisfaction and ultimate profits for the organisation. These tools or ingredients are often referred as the as the “4Ps”: Price, Product, Promotion and Place and decisions on how to use these ingredients require ‘marketing research and Information’ (P. Kotler 2011).

The marketing mix is the set of controllable, tactical marketing tools that a company uses to produce a desired response from its target market. It consists of

everything that a company can do to influence demand for its product. It is also a tool to help marketing planning and execution (P. Kotler 2011).

The four Ps of marketing: product, price, place and promotion. The marketing mix can be divided into four groups of variables commonly known as the four Ps:

- **Product:** The goods and/or services offered by a company to its customers.
- **Price:** The amount of money paid by customers to purchase the product.
- **Place (or distribution):** The activities that make the product available to consumers.
- **Promotion:** The activities that communicate the product's features and benefits and persuade customers to purchase the product (P. Kotler 2011).

2.5.2 Marketing Tools

Each of the four Ps has its own tools to contribute to the marketing mix:

- **Product:** variety, quality, design, features, brand name, packaging, services
- **Price:** list price, discounts, allowance, payment period, credit terms
- **Place:** channels, coverage, assortments, locations, inventory, transportation, logistics
- **Promotion:** advertising, personal selling, sales promotion, public relations (P. Kotler 2011).
-

2.5.3 Weaknesses of the Marketing Mix

The four Ps of the marketing mix have a number of weaknesses that they omit or underemphasize some important marketing activities. For example, services are not explicitly mentioned, although they can be categorized as products (that is, service products). As well, other important marketing activities (such as packaging) are not specifically addressed but are placed within one of the four P groups.

Another key problem is that the four Ps are focused on the seller's view of the market. The buyer's view should be the main concern of any marketing environment (P. Kotler 2011). The four Ps as the four Cs

The four Ps of the marketing mix can be reinterpreted as the four Cs. They put the customer's interests (the buyer) ahead of the marketer's interests (the seller).

- **Customer solutions, not products:** Customers want to buy value or a solution to their problems.
- **Customer cost, not price:** Customers want to know the total cost of acquiring, using and disposing of a product.
- **Convenience, not place:** Customers want products and services to be as convenient to purchase as possible.
- **Communication, not promotion:** Customers want two-way communication with the companies that make the product. (P. Kotler 2011).

2.6 Segmentation

Grouping the customers in the mass market into segments based on common characteristics and behaviours. The purpose of segmentation is to get a clear view about the different customer groups in the market and their unique requirements.

Geographical Base - Grouping the customer based on location or the place where the customer lives. Country or region, Rural or urban, Climate. Geographic segmentation can be a useful strategy to segment markets because it:

Provides a quick overview of differences and similarities between consumers according to geographical unit;

- Can identify cultural differences between geographical units;
- Climatic differences between geographical units are taken into consideration;
- Recognises language differences between geographical units.

But this strategy fails to take into consideration some other important variables such as personality, age and consumer lifestyles. Failing to recognise these facts could hinder a company's potential for success (P. Kotler 2011).

Demographical Base - Grouping the people based on their characteristics there are several variables which help the marketers to group customers under this base Gender, Age, Life Cycle stage, Income, Social Class.

1. Gender – Male, Female
2. Age – Under 6, Kids, Teenagers, Youth, Young Adults, Adults, Middle Aged and Aged
3. Life cycle stage – Nursery stage, High school stage, Bachelor stage, Family without kids, family with 1-2 kids, family with 3 or more kids Etc.
4. Income – Upper Income, Middle Income and Lower Income
5. Social Class

Upper Upper	Middle Upper	Lower Upper
Upper Middle	Middle Middle	Lower Middle
Upper Lower	Middle Lower	Lower Lower

(P. Kotler 2011).

Psychographic Base - Directly grouping the people under this basis practically difficult because it is not so clear and visible like the other basis therefore marketers use 3 variables to judge the (common) thinking patterns of people there are Social class, Life style, Personality.

This type of segmentation is advantageous, as it;

- Provides rich data concerning the psychological make-up of consumers;
- Enables the marketers to understand the reasons behind consumers' purchases;
- Provides marketers with an effective way to match a variety of marketing communication tools from packaging to taste with consumers psychodemographic characteristics;

Can be used to develop customer profiles that will guide promotional efforts and that ultimately strengthen a brand. Despite these advantages, this segmentation technique does not provide marketers with a thorough understanding of how often and how consumers use products and services. Because product or service usage could be situational and not related to personality traits, psycho-demographic data does not capture the use of goods and services in everyday life.

Behavioural base - This segmentation strategy divides the markets into consumer groups based on their uses, responses, knowledge and attitudes towards products and services. There are six main techniques through which marketers can divide the market according to behavioural variables (P. Kotler, 2011). They are; Occasions, Benefits sought, Economic, Media, Cosmetic and Taste, User status, Usage rate, User readiness.

2.7 Target Market

A target market is a group of people considered likely to buy a product or service. A target market consists of customers that share similar characteristics, such as age, income and lifestyle, to which a business directs its marketing efforts and sells its products. As marketing efforts are becoming increasingly online based, the need to find the right audience for marketing campaigns is essential. One of the first steps in developing an effective marketing campaign is determining an appropriate target market so that marketing goals can be set and implemented (P. Kotler 2011).

2.8 Positioning

Positioning means creating an unique image about the product in the minds of the customers (William and McCarthy, 2005).

This unique image should be distinctive to be positive and strong,

- **Product differentiation** - The positioning the product by using different characteristics of the product.

- **Service differentiation** - Positioning the product based on unique service (Fast delivery, 24 hours customer service, After sales service)
- **People differentiation**- Positioning the product based on employees
- **Image differentiation** - Positioning the product based on unique symbols, colours or physical evidence.
- **Channel differentiation** - Positioning based on unique distribution or promotion approaches (P. Kotler, 2011).

2.9 Consumer Behaviour in Marketing

Marketing is so much more than creating a catchy phrase or a jingle people will sing for days. Understanding consumer behaviour is a vital aspect of marketing. Consumer behaviour is the study of how people make decisions about what they buy, want, need, or act in regards to a product, service, or company. It is critical to understand consumer behaviour to know how potential customers will respond to a new product or service. It also helps companies identify opportunities that are not currently met.

A recent example of a change in consumer behaviour is the eating habits of consumers that dramatically increased the demand for gluten-free (GF) products. (William and McCarthy, 2005) The companies that monitored the change in eating patterns of consumers created GF products to fill a void in the marketplace. However, many companies did not monitor consumer behaviour and were left behind in releasing GF products. Understanding consumer behaviour allowed the pro-active companies to increase their market share by anticipating the shift in consumer wants.

There are three factors

To fully understand how consumer behaviour affects marketing, it's vital to understand the three factors that affect consumer behaviour: psychological, personal, and social (William and McCarthy, 2005).

- Psychological factors
- Personal factors
- Social factors

2.9.1 Consumer Behaviour Models

Through research and observation, several models have been developed that help further explain why consumers make decisions, including the black box, personal variables and complex models. The black-box model is based on external stimulus-response, meaning something triggers the consumer to make buying decisions that are influenced by many factors, including marketing messages, sampling, product availability, promotions, and price.

When influenced by the personal-variable model, consumers make decisions based on internal factors. These internal factors may include personal opinions, belief systems, values, traditions, goals, or any other internal motivator. (O’Cass 2066, Eastman et al., 1999; Greedy, 1991)

2.9.2 Type of Consumer Product

Convenience good - A type of good that is purchased often by a consumer without involving much exertion or consideration. A business that specializes in making a particular convenience product will typically need to focus on increasing production volume rather than on improving product features to boost profits. (Chao and Schor 1998)

Shopping goods - Higher end product occasionally bought by consumers that are usually compared for their appropriateness, quality cost and features before purchase occurs. Consumers tend to take more time when purchasing a shopping good produced by a business, and they might even travel to buy such goods.

Special goods - A specialty product is a product that certain consumers will actively seek to purchase because of unique characteristics or loyalty to a specific

brand. Consumers who seek specialty products know what they want and will spend the time and effort to get it. They typically will not easily accept substitute products.

Unsought goods - Unsought Goods are goods that the consumer does not know about or does not normally think of buying, and the purchase of which arises due to danger or the fear of danger and lack of desire (P. Kotler, 2011).

2.10 Level of Product

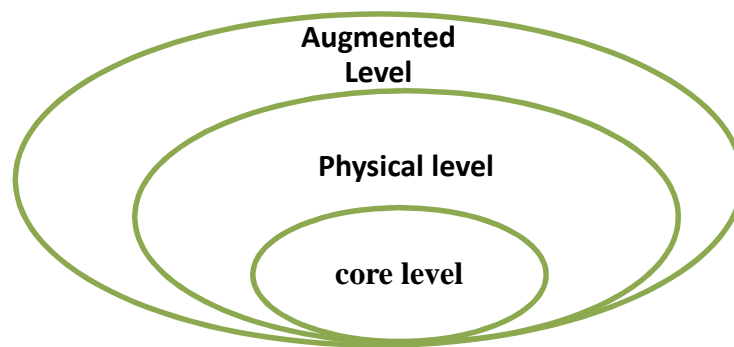


Figure 2.4 – Level of Product

Core level – The core product is not the tangible physical product. Producer or consumer cannot touch it. That is because the core product is the benefit of the product that enhances its values towards the consumer. It means finalizing the need addressed by the product, that this is the most basic as well as the most important decision regarding de-accessioning the product. Because without deciding the core level marketer cannot continue to design other two levels.

Physical level - The **actual** product is the tangible, physical product. Consumer can get some use out of it. The next level of designing the product is providing a physical presents to the product which is done by adding five components.

- Quality
- Design – it means appearance of the product which include shape colour by giving a unique appearance marketers can increase customer attraction

- Features – different benefit of the product, size, variation,
- Branding – give and unique identification to the product which can be done.
- Packaging – container of the product there are many benefits marketers can achieve by providing a package.

Augmented level - The augmented product is the non-physical part of the product. It usually consists of lots of added value, for which you may or may not pay a premium. So when you buy an item, part of the augmented product would be the warranty, the customer service support offered by the manufacturer and any after-sales service. The augmented product is an important way to tailor the core or actual product towards the needs of an individual customer. The features of augmented products can be converted in to benefits for individuals (P. Kotler 2011). They are Warranty, Delivery, Customer care, Finance, Installation service

2.11 Core Concepts in Marketing

Needs –a gap between the actual level and the expected level. There are Physical needs and psychological needs. Wants –different way of fulfilling needs therefore there is strong relationship between needs and wants. Satisfaction – it is one of the outcome of the comparison between customer expectation (E) and performance (P) in addition to satisfaction this comparison leads to another two out comes there are

(E=P) satisfaction

(E>P) dissatisfaction

(E<P) delighting

Out of these 3 out comes the best one is delighting but reality challenging therefore the best and the practical outcome for the marketer is satisfaction (P. Kotler, 2011).

2.12 Summary

The chapter is based on the theoretical factors about the marketing aspects, where it describes the types of market systems as well as the competition in the market. It is identified that the competition could be categorised under perfect competition, Monopoly, oligopoly, monopolistic competition and monopsony. Next, it describes about the marketing environment which consists of internal as well as external factors that affect the marketing behaviour. Accordingly, it is discussed about the marketing strategies under which the market mix accompanied with the concept of 4Ps, and the marketing tools are described further.

Under segmentation, it is expected to classify the customer groups according to their unique reference which falls under geographical base, demographical base, psychographic base and the behavioural base. Next it is described about the importance of positioning which could be categorised under product differentiation, service differentiation, people differentiation, image differentiation and channel differentiation. Consequently, it is described about the consumer behaviour which is identified as a major aspect in marketing. Consumer behaviour is identified under three factors, psychological factors, personal factors and social factors. Level of the product is also described under three levels, core level, physical level and augmented level. Next the chapter describes about the price which is one of the effective factors in the marketing system. Pricing is described under-pricing approach, pricing goals, price determination and setting pricing policy.

Such that, the chapter well describes the theoretical aspects of the marketing as well as the manner in which the factors should be implemented in the business in order to retain the market share.

CHAPTER THREE

CONSUMER BASED PRODUCT DEVELOPMENT IN TIMBER AND FURNITURE BUSINESS

3.0 Introduction

Timber is one of the oldest building materials used by man. The timber resources in Sri Lanka consist of the forest timber resources and non-forest timber resources. The forest timber resources consist of the timber resources consist of timber harvested from rubber and coconut plantations, private and village gardens (Ruwanpathirana, 2010).

Making furniture by using timber is one of major purpose. At present there is high demand for wood furniture. Wooden furniture has become the important physical element of each house hold and office.

Furniture is big business. Because of his resource and labour intensity, the wood furniture sector present an opportunity for developing countries and there to participate effectively in global economy (Kaplinsky et al, 2003). The furniture industry is divided into different product group, each of which has distinct market segments. The harmonized System of product classification distinguishes four wood product groups, namely office furniture, house furniture, public furniture and shop furniture as well as metal and plastic furniture and furniture parts. Wood furniture is becoming increasingly competitive, with more producers entering the market and prices falling (Kaplinsky et al, 2003). Due to the current furniture market situation, the globalization of the markets and the production growing capacity of the emerging countries, there can be seen a really increased competition in the sector at a global level, joined by a relatively low consumption (Turck, 2006)

In Zones like the EU where the actual business model is based mainly on production, the former competitive advantages are losing their weight due to the increasing competition (Turck, 2006).

3.1 Commercial Management

Commercial management means implementing non-technical business disciplines within a company or organization, along with administration of revenue and expenses in order to generate a financial return.

Commercial management could be applied in both levels, namely policy level and transactional level. At the policy level, all the rules and regulations as well as the practices through which the business will be conducted and the manner in which the external relationships will be maintained are described clearly. When considering the transactional level, commercial management is applied as a matter of trading relationships in order to combine with business goals or policies where as to understand the financial opportunities and to mitigate risks as well (Lowe, D J and Fenn, P 1997).

3.2 Commercial Leadership

Manufacturers and retailers are in the competition of increasing their respective shares in the industrial chain. Along with their superior knowledge, manufacturers have recently begun to develop direct consumer operating transactions. Meanwhile, retailers are in the point of view to build their own label franchises and are starting to execute customer necessities with a greater effect. Amongst all those who are having the strongest commercial capabilities may have the opportunity to dominate the market (Lowe, D J and Fenn, P 1997).

3.3 Marketing Concepts

There are 5 different concepts of marketing, which could be categorised according to the function they perform in the marketing cycle. These concepts depend on the need of the market. Each of the concepts was developed as per the need of the market.

- Production concept
- Product concept

- Selling concept
- Marketing concept
- Societal marketing concept



Figure 3.1 – Marketing Concepts

3.3.1 Production Concept

Production concept was found, during a period in which a production oriented business was dominating the market. During this period business seemed concerned more with production, manufacturing, and efficiency issues. According to this concept, it was considered that, if a product is made, somebody will want to buy it. Since the means of communication as well as the consumers' willingness to travel a miles for their purchases were very poor, sales were mainly done through travelling salesman. As the goods were sold easily, it is recorded that there was a shortage of supply relative to its demand (Lowe, D J and Fenn, P 1997).

It is said in the concept that customers are interested in products and services that are widely available for low cost. Hence the business owners try to achieve higher volumes at low costs without considering about the quality of the goods or products. However, it should be mentioned that the production concept was popular in the market in the past and was implemented in an era with a lesser competition (Lowe, D J and Fenn, P 1997).

3.3.2 Product Concept

This concept describes about the consumers' favour in products that offer the most quality, performance, or innovative features. According to the product concept consumers prefer the products that have more options and more benefits. Moreover, it is said that consumers will prefer the best quality and featured products without considering about its price (Lowe, D J and Fenn, P 1997).

However, amongst all these innovations and features of the products, companies should be much concerned to provide benefits and the features to meet the customers' necessity.

Thus companies following the product concept need to concentrate on their technology such that they provide with excellent feature rich and innovative products for optimum customer satisfaction (Lowe, D J and Fenn, P 1997).

3.3.3 Selling Concept

This concept is mainly focused on marketing. According to the selling concept, consumers may buy products only if the product is aggressively promoted.

The Selling Concept describes that customers will not buy products synonymously, unless they are persuaded to do so through selling effort. Hence companies make greater efforts for organise marketing campaigns in order to motivate the customers for their purchases as well as to enhance their interest on the products.

When considering a modern marketing situation, customers have a pool of products through which they could select the ideal brand that meet their need, which is often followed with a degree of advertising as well (Lowe, D J and Fenn, P 1997).

3.3.4 Marketing Concept

This concept is focused on the needs and wants of the target markets. Through this concept it is described about delivering value of goods and services better than the competitors. The marketing concept enforce that it is needed to make the brand so

strong that customers themselves prefer to purchase the said brand (Lowe, D J and Fenn, P 1997).

3.3.5 Societal Marketing Concept

Societal marketing concept is focused on delivering value of goods and services that meet the customers' needs and wants in a manner which preserves the well-being of the society and the customers as well.

The societal marketing concept believes in producing better products that uplift the society welfare. The societal marketing concept enforces the marketers to insert social and ethical considerations into their marketing practices. They should have a keen knowledge to manage the conflict situations that may occur regarding company profits, consumer satisfaction and public interest along with society well-being as well (Lowe, D J and Fenn, P 1997).

3.4 Types of Product

3.4.1 The Differentiated Product

The differentiated products could be distinguished from other similar products/brands in the market. The distinguishing features would be the ingredient, quality, utility, or service, or it may be a 'psychological' attitude as well.

As competition is increasing day by day, companies have to introduce differentiated products so that they can have a USP to sell better and build a higher customer value (Lowe, D J and Fenn, P 1997).

3.4.2 The Customized Product

In customized products specific requirements of the customers are considered when developing the product. It is experienced in the industrial product marketing, that the manufacturer and the consumer are in direct contact in order to get the customized outputs to meet the customer requirement (Lowe, D J and Fenn, P 1997).

3.4.3 The augmented product

In augmented products manufacturer himself makes improvements in the product, by adding an extra facility or extra feature in order to enhance the value of the product. Yet it is neither suggested by the customer nor expected by them as well. However augmentation gives value to the products of the company (Lowe, D J and Fenn, P 1997).

3.4.4 The Potential Product

The potential product describes about any possible product which may become popular in the near future with all its improvements that may meet the given technological, economic and competitive conditions (Lowe, D J and Fenn, P 1997).

3.5 Customer Satisfaction

The customer base of a certain company is the most valuable asset with that company, because the lifetime of a business depends on how long the customers are with them and repeatedly comeback for the products. So it is important for a company to recognise the long-term value of its customers and to identify both potential and current customers (Lowe, D J and Fenn, P 1997).

Unless, the customers are treated properly and excellently when they are obtaining the service, those ill-treated customers may surely refuse to stay with your company, regardless of the products you sell or their qualities. It is seen that the businesses providing an excellent customer service along with value added services, have a more probability of remaining stable in the relevant industry. As every customer is unique, sometimes it would be difficult to satisfy all of them. However, there are several activities that businesses can perform which may suitable for satisfying almost all customer groups (Yi-Ting, Yu, 2001)

Customer Satisfaction keys are;

- Communicating with the Customers
- Make the Job Easy
- Prompt Service
- “There is only one boss, and that is the customer”
- Group the Customers Properly and Treat them accordingly
- Ensure that your customers are well informed about your value proposition
- Have Solutions Instead of dead Ends
- Encourage Complaints
- Conduct Customer Satisfaction Surveys Regularly

(Yi-Ting, Yu, 2001)

3.6 Quality Management System

International Organization for Standardization (ISO) ISO 9001 is the international standard that specifies requirements for a quality management system (QMS). Organizations use the standard to demonstrate the ability to consistently provide products and services that meet customer and regulatory requirements. ISO 9001 is the world’s most recognized management system standard and is used by over a million organizations across the world. The new version has been introduced to entrust its relevance in current marketplace and to continue to offer organizations with improved performance and business benefits. ISO 9001 was first published in 1987 by the International Organization for Standardization (ISO). It is identified that by that the ISO 9001 standard helps them to organize and improve the efficiency as well as the quality of the processes. This new standard is an opportunity for organizations to perform their strategic measures with their quality management system.

Mainly, this new version of ISO 9001, entertains the organisations to identify internal and external parties who support the QMS. Yet this could be used to enhance and monitor the performance of an organization in order to become a more consistent

competitor in the marketplace. It will provide the assistance to meet the present and identify future customer needs as well. It may also increase the efficiency of the production process which may motivate the staff with efficient internal procedure. It will help you to earn highly valued customers, and achieve customer retention with better customer service (Pretesh Biswas, 2016).

All ISO management system standards are subject to a regular review under the rules by which they are regulated. Yet, the following objectives were introduced to maintain its relevance in today's marketplace:

- Integrate with other management systems
- Provide an integrated approach to organizational management
- Provide a consistent foundation for the next 10 years
- Reflect the increasingly complex environments in which organizations' operate
- Ensure the new standard reflects the needs of all potential user groups
- Enhance an organization's ability to satisfy its customers

(Graeme Knowles, 2011)

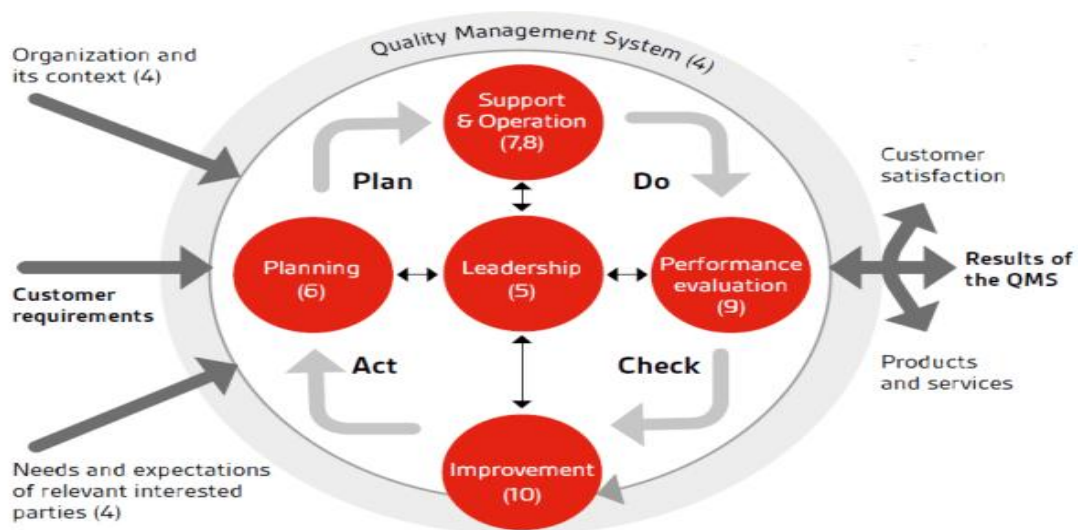


Figure 3.2 – QMS Chart

3.6.1 Structure and Terminology

The most significant change we will see in ISO 9001:2015 is the new structure. This is a common framework for all ISO management systems which helps to keep consistency, maintain different management system standards, and to offer suitable sub-clauses against the top level structure and apply common language across all standards. It will be easier for organizations to incorporate their QMS into core business processes and get more involvement from senior management (Pretesh Biswas, 2016). All new management system standards will have the following common structure.

Scope - This section describes the scope of the management system standard which will be unique for the individual standard. Clause 1 details the scope of the standard and it seems that there is a slight change when compared with the clause from ISO 9001:2008.

Normative references - This section refers to the other relevant standards, which are indispensable for the application of the document and will also be unique as well.

Terms and definitions - Section three contains all the definitions. Although some of these are common terms related to Annex SL, other definitions will be unique to the management system standard.

Context of the organization – This section describes about the purpose of the organisation, its management system and who the stakeholders are. It describes how to set up the management system and the means in which business strategies are implemented in order to establish the context of the QMS. This may provide opportunities for an organisation to identify and understand the factors and the parties in their environment that support the quality management system. Mainly, it is important for an organization to determine external and internal issues that may affect its purpose. Secondly, an organization will also need to identify the “interested parties” that are relevant to their QMS (Pretesh Biswas, 2016).

These groups could include shareholders, employees, customers, suppliers, and even pressure groups and regulatory bodies.

Next the scope of the QMS must be determined. For this purpose either whole organization could be considered as one unit or specifically identified functions could be determined. Moreover, it is required to consider outsourced functions or processes if any, for the scope of the organisation. Finally, it is required to establish, implement, maintain and continually improve the QMS in accordance with its standards. Subsequently, a number of factors should be considered when planning the processes that build the QMS. Although a process-planning approach has been previously expressed in earlier standards, this greatly reinforces the requirement.

3.6.2 Product and Services

ISO 9001:2008 the term product stood for all output categories such as products, services, processed materials, and hardware. However, In ISO 9001:2015 the term ‘product’ have been replaced by term ‘product and services’. The term ‘services’, highlights the difference between products and services where as in some instances these terms are used together (Pretesh Biswas, 2016).

3.6.3 Context of the Organization

The context of the organization must be determined both internally and externally. To establish the context an organization should define the external and internal factors that are used when managing risk. The said external context includes outside stakeholders, local operating environment, as well as any external factors that influence the establishment of its objectives or its ability to achieve them. An organization’s internal context includes its internal stakeholders, its approach to governance, its contractual relationships with its customers, and its capabilities and culture (Pretesh Biswas, 2016).

The internal context may include, but is not limited to:

- Product and service offerings
- Governance, organizational structure, roles, and accountability.
- Regulatory requirements

- Policies and goals, and the strategies that are in place to achieve them.
- Assets like facilities, property, equipment and technology
- Capabilities, understood in terms of resources and knowledge like capital, time, people, processes, systems, and technologies.
- Information systems, information flows, and decision-making processes (both formal and informal).
- Relationships of the staff/volunteers/members and the perceptions and values of their internal stakeholders including suppliers and partners.
- Organization's culture.
- Standards, guidelines, and models adopted by the organization and
- Form and extent of the organization's contractual relationships.

The external micro-environment describes the organization's immediate operations and how they affect its performance and decision-making. Some of the micro-environmental context factors are;

Customers – Organizations must attract and retain customers by offering products services that meet their needs along with providing excellent customer service

Employees/Members/Volunteers – Availability of a motivated and skilled crew of people as contributing members is a privilege of an organization to uplift its production and to develop its values in a competitive market.

Suppliers – Suppliers provide the resources that are required in the production process of an organization. The quality of the output depends on the raw materials used in the production. Hence, maintaining favourable supplier relationships would be more effective to secure supplying of quality resources (Pretesh Biswas, 2016).

Investors – Almost all organizations require an investment or financial assistance to develop its business. However, the relationships with investors need to be managed carefully in order to overcome or mitigate the issues that could affect the long term success of the organization (Pretesh Biswas, 2016).

Media – Positive media attention could enhance the image and the reputational strength of the organization. However, it is experienced that managing the media (including the presence in social media) is really a challenge (Pretesh Biswas, 2016).

Competitors –Competitor analysis and monitoring is an important aspect if an organization is to maintain or improve its position in a competitive market. The organization must always be aware of its competitor’s activities (Pretesh Biswas, 2016).

There are two new clauses relating to the context of the organization, 4.1 Understanding the organization and its context and 4.2 Understanding the needs and expectations of interested parties. The matter consider about the impact on the organization’s ability to consistently provide products and services that meet customer and applicable statutory and regulatory requirements or the organization’s aim to enhance customer satisfaction (Pretesh Biswas, 2016).

3.7 Quality Management Principles



Figure: 3.3 Principle of quality management

3.7.1 Customer focus

The primary focus of quality management is to meet customer requirements and to deliver the services such that exceeding customer expectations.

Sustained success of an organization could be achieved with the degree of which it attracts and retains the confidence of customers and other interested parties of the business. The ability to identify current and future needs of customers and other interested parties would contribute to sustained success of an organization (Pretesh Biswas, 2016).

3.7.2 Leadership

Leaders usually establish unity of purpose and create conditions in order to direct people engaged in the process towards achieving the quality objectives of the organization. In the same manner, leadership may enable an organization to align its strategies, policies, processes and resources to achieve its objectives (Pretesh Biswas, 2016).

3.7.3 Engagement of people

Engagement of people at all levels and their competency on the process is an essential matter for an organization to meet its obligations. Competent, empowered and skilled people in the organization enhance its capability to create success.

Moreover, involvement of all people is important to manage an organization effectively and efficiently (Pretesh Biswas, 2016).

3.7.4 Process approach

Consistent and predictable results could be achieved more effectively and efficiently when activities are understood and managed as interrelated processes that function as a coherent system.

Understanding the manner in which the results are produced by the said system, including all its processes, resources, controls and interactions, allows the organization to optimize its performance (Pretesh Biswas, 2016)

3.7.5 Improvement

Successful organizations have an on-going focus on improvement. Improvement is essential for an organization to maintain its current levels of performance, or to react against the changes in its internal and external conditions and to create new opportunities (Pretesh Biswas, 2016).

3.7.6 Evidence- based decision making

Decisions based on the analysis and evaluation of data and information are more likely to produce desired results. Decision-making might be a complicated process, and it always involves some uncertainty as well. It is important to understand cause and effect relationships and potential unintended consequences when making decisions (Pretesh Biswas, 2016).

3.7.7 Relationship management

For sustained success, it is important for an organization to manage their relationships with interested parties, such as suppliers, employees, stakeholders, etc. Interested parties influence the performance of an organization. Hence, relationship management with interested parties would be more effective for optimizing the values of the organization (Pretesh Biswas, 2016).

3.8 Price

Price is the amount of money charged for product or service, or the sum of the values that consumers exchange for the benefits of having or using the product or service.

3.8.1 Pricing approach

There are three main approaches or methods used in order to set a price for a product. They are,

Cost plus pricing – in here the price for a product will be set by calculating the cost of the product. Surely a price which is higher than the cost to earn profits

Consumer based pricing – a pricing approach where the price will be set considering consumers value rather cost of product.

Competition based pricing – in here the price will be decided, based on the competitors price rather cost or demand (Thomas Nagle, "Pricing as Creative Marketing, 1983.).

3.8.2 Pricing goals

Profit - Price has both direct and indirect effects on profit. The direct effects of the price could be identified when considering whether the cost of production is gained through pricing. Price could also make indirect effects on profit with relative to the quantities of units sold.

Sales - Sales oriented pricing would be important to raise the market share of a company. The degree of sales of a company across a specific time period describes the fluctuations of the volume, whereas the market share of a certain company is measured by its sales against other companies.

Status Quo - A status quo pricing is a strategic objective that encourages competition on other factors except the price. Status quo pricing could establish a greater and constant effect on demand for a company's products.

Price competition - Price of a product is one aspect which the products or services could compete in the market place. Almost always purchases are made with comparatively cheaper items. However, other aspects may also affect the price comparison.

Prestige Pricing - Prestige pricing which is also known as premium pricing, is a pricing strategy established to deal with classy and high net worth community, where prices are consciously kept higher. There's a trend among high class community of buying certain products at higher prices which they think is important to uplift their social status and classy image. They are in the perception that higher the price better is the quality which they assume it is a prestige of being the owner of the product.

Higher Price = Higher Quality= Higher prestige (Thomas Nagle, "Pricing as Creative Marketing, 1983.)

3.8.3 Pricing determination

Main factors affecting price determination of product are:

Product Cost - The most important factor affecting the price of a product is its cost. Product cost consists of the total of fixed costs, variable costs and semi variable costs incurred during the production, distribution and selling of the product.

The Utility and Demand - Both utility and demand affect the price of a product. Consumers seem to be more concern whether the utility of the product would satisfy the price paid. At the same time, it is identified that consumers demand more units of a product when its price is low.

Extent of Competition in the Market - The degree of the competition in the market is an important factor in determining the price of a product. In a competitive market, the price of a product is determined with comparative to the price of the competitors' products, the quality and the outstanding features of the products.

Government and Legal Regulations - The government sometimes interferes and regulates the prices of the commodities in order to avoid the business owners who have the monopoly in the market, charge higher prices for their products.

Pricing Objectives - Pricing Objectives also affect the prices of products and services.

- **Profit Maximisation** - The main objective of any business is to maximise the profit. A firm can maximize its profit suddenly by charging higher prices whereas sales could be increased through reduced prices.
- **Obtaining Market Share Leadership** - A firm could uplift its market share, through reduced prices which may result in higher sales.
- **Surviving in a Competitive Market** - If it seems difficult to face the prevalent competition, a firm may introduce free offers, discounts or may try to liquidate its stock even at BOP (Best Obtainable Price).
- **Attaining Product Quality Leadership** Firms charge higher prices to retain the high quality and meet the high cost of the production.

Marketing Methods Used- The various marketing methods such as distribution system, quality of salesmen, advertising, type of packaging, customer services, etc. could make effects on price of the products (Thomas Nagle, "Pricing as Creative Marketing, 1983.).

3.8.4 Setting pricing policy

Specifies Pricing Objective - Pricing objectives refer to the targets to be achieved through pricing strategies in the marketing plan. These objectives can be short-term or long-term.

- Short term pricing objectives could be identified as attracting new customers and intermediaries, discourage competition, growth in the sales or profit, uplift the interest on products, establish market position and maintaining the market share, etc.
- Long term pricing objectives could be categorized as retaining the market share, maximizing long term profits, stabilizing industry prices, establishing quality leadership and maintaining price leadership with strategic pricing etc.

Determine Costs - The organisation strives hard to make profits to such that the cost involved is covered. Costs can be categorised as fixed costs and variable costs.

Fixed costs are incurred irrespective of the production or sales revenue, whereas variable costs normally depends on the degree of production.

Evaluate Demand- Demand could be evaluated using market opportunity analysis and demand estimation methods. However, customer responses on demand may vary with the prevalent market conditions and quality of the products resulting difficulties in estimating the demand. Usually, change in demand is studied with increase in price.

Evaluate Competition- It is important to study about the competitor's prices when determining the price of a certain product. Most of the time, organisations set their prices based on the price of the competitors. However, it should be compared with the competitors' products that their quality, special features if any, and other benefits offered, before determining the prices on the basis of competition.

Select Pricing Method - After analysing the demand, costs and competition, organizations initiates the process of setting the prices.

1. Cost Oriented Pricing method
 - Cost-Plus/ Mark-up Pricing

Selling price = Average unit cost/ (1 – Desired mark-up percentage)

- Target Return Pricing

Target Return Price = unit cost + [desired return*invested capital/unit sales]

Target return pricing is based on break even analysis.

Break-even volume = fixed cost /(price – unit variable costs)

2. Demand Oriented pricing method
3. Competition Oriented Pricing method
4. Auction based pricing and Group pricing are also becoming popular with the increased use of internet (Thomas Nagle, "Pricing as Creative Marketing, 1983.).

Implementation and Control- Above all, it is more valuable and effective to consider about the distributors and sales team when implementing the pricing process. For a successful implementation and control of prices, an organisation should closely collect data from consumers, distributors, staff members who directly deal with consumers and reaction from competitors (Thomas Nagle, "Pricing as Creative Marketing, 1983.).

3.9 The Wood Furniture Value Chain

Global Trends of the furniture sector	
Production	Increasing (more intensive increase in emerging countries)
Distribution	Concentration (internationalization of buying)
Consumption	Non – differentiated products

Figure: 3.4 Global trends of the furniture sector

Figure 3.4 shows the wood furniture value chain, which for the forestry sector involves the provision of seed inputs, chemicals, equipment and water. Cut then logs go to sawmill, which obtains its primary inputs from the machinery sector. From there, sawn timber moves to furniture manufacturers who, in turn, obtain inputs from the machinery, adhesives and paint industries and draw on design and branding skills from the service sector. Depending on which market is served, the furniture then passes through various intermediary stages until it reaches the final customer, who after use consigns the furniture for recycling or refuses (Kaplinsky et al, 2003).

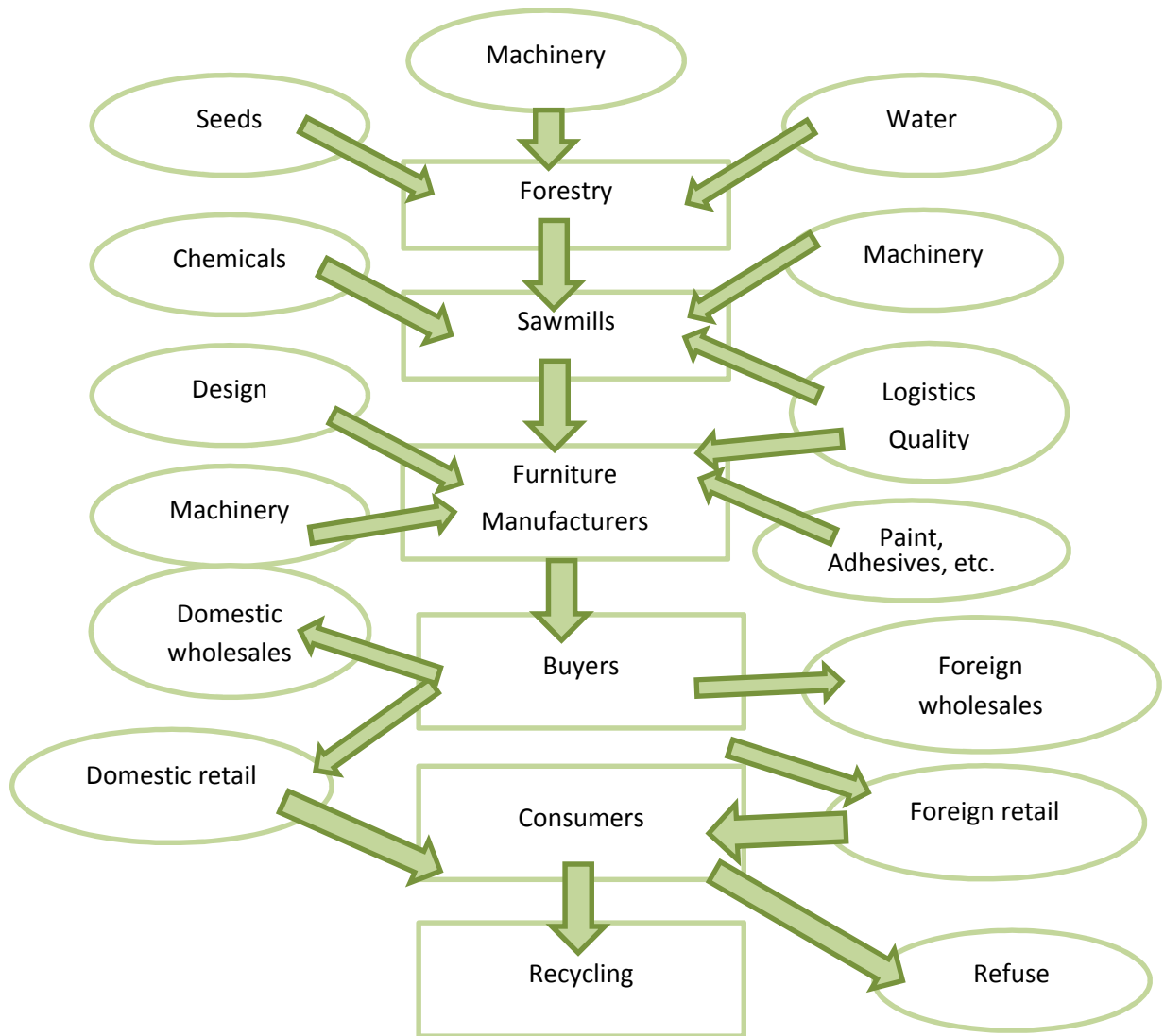


Figure: 3.5 – Value chain the wood chain industry

3.10 There axis value generation in furniture markets

The value generation axis of furniture production has always been focusing on the product. Actually through a change in the business model is possible to find new ways of value generation in the furniture industry. For differentiating the product it is very important to focus the value generation to the consumer demands.

For the reason it is very important to know the consumer: their characteristics, values, lifestyles, etc. to understand what the needs and buying motions of the consumers are.

All these information allows to adapt the product and distribution to the consumer demands, marking the communication more effective and the product more valuable (Turck, 2006).

3.10.1 Consumer as source of value

The consumer as an active incorporated into the value chain as buyer and user of the product actually is saturated by the factors that are influencing at the moment of buying: by the wide range of products and by the intensive communication. Understanding the behaviour of the consumer at the moment of buying through its characteristics, it is essential to grand. A value added to the client and differentiate the product from the product of the competence.

The decision on buying is highly influenced by those factors that are belonging to the world of the buyer, such as cultural, social, psychological and personal factors, habits, values and preferences. Most of them cannot be controlled by the office side, but they should be well known and taken into account when the product is designed, when the price polies and strategies, communication and distribution are defined (Turnk, 2006).

The consumer is considered to be one of the key aspects of generating value in the furniture industry. Knowing the consumers makes it easier to provide them a more attractive product. (Turck, 2006)

3.10.2 Consumers value approach

The main value for a product to be acquired by the consumer is the functional value. The utility of the product is the motivation of the buying. The overabundance of adverts and product and the increased purchasing power of the consumers are allowing the appearance of new value around the product on top of the functional.

Social Value: the furniture consumption reflects the social status. Through brand and products the consumer is building up his own identity and the companies should exploit the hidden aspirations and self-concept of each consumer

Emotional Value: everyone has own experience, sensations, and give a clearly subjective value to the product that is only recognizable and comprehensible by the consumer.

Circumstantial Value: the same product can be evaluated by consumer in different ways. Other ways of increasing the consumption are the occasions of granting an additional value to certain extraordinary circumstances.

Novelty value: renewal and constant updating are parts of the consumption’s driving forces. The attraction for novelties and breaking the routines can be exploited by the companies for guaranteeing the consumers attention and attracting for the sales point.(Turck, 2006)

Functional Value	Price, Quality & services-(Expected utility, durability, ergonomics, ecology)
Social Value (aspirations)	Self-concept, Social image acceptance, Status
Emotional Value	Emotional Evaluation
Novelty Value	New ideas, Renewal
Circumstantial Value	Particular and temporal conditions of the consumer

(Turck, 2006)

Figure: 3.6 Consumer’s value perceptions

3.10.3 Consumers value approach

Not only can the product create value for the consumer, but the moment of furniture buying as well. The distributor is able to increase the perceived value of the product as the stage of buying the product. Currently in the focus of creating value for the consumer is the product and the sales point. This in increasing the satisfaction of the consumers at the moment of buying the product, but when the buying process has been finished, the producer and the distributor are breaking up their connection to the product and the consumer, finishing their contribution to the value generation process in the moment of the buying process.

Not only at the production and the purchasing process of the goods can be created a value to the product, but also at other stages of the product's life cycle is possible to generate value for the consumers (Turuk, 2006).

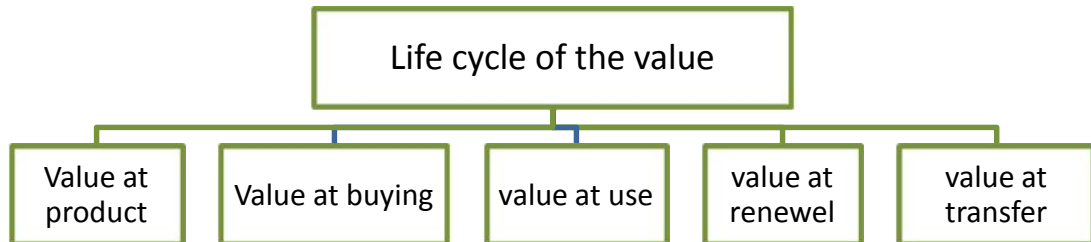


Figure: 3.7 Life cycle of the value

The manufactured could provide value added to the product at the stage after purchasing the product, such as during the years of use, at the moment of renewal of furniture and at the transport process after the replacement of the furniture.

3.11 Opening Minds

The consumers are buying furniture on the benefit expectations that the product can provide them. Surprising the consumers by offering them value that were not expected is providing them a higher level of satisfaction that they would have perceived without the increased functions. For increasing the product's perceived value, it is necessary to be realized by the consumer that the purchased product covers the need that it was bought for.

The intention of buying is based on the perception of a lack of the consumer. When the consumer is getting aware of the lack of something, it is turning into a need which should be satisfied through purchasing. There are several theories on motivations, the most known is the Theory of Maslow.

The basic necessities must be satisfied first. When these need have already been satisfied, and then people turn to satisfy the needs that are located at higher levels of

the pyramid. Their personal growth is drive by satisfying the needs represented in the higher parts of the pyramid; the necessities of the bottom of the pyramid will not be important anymore.

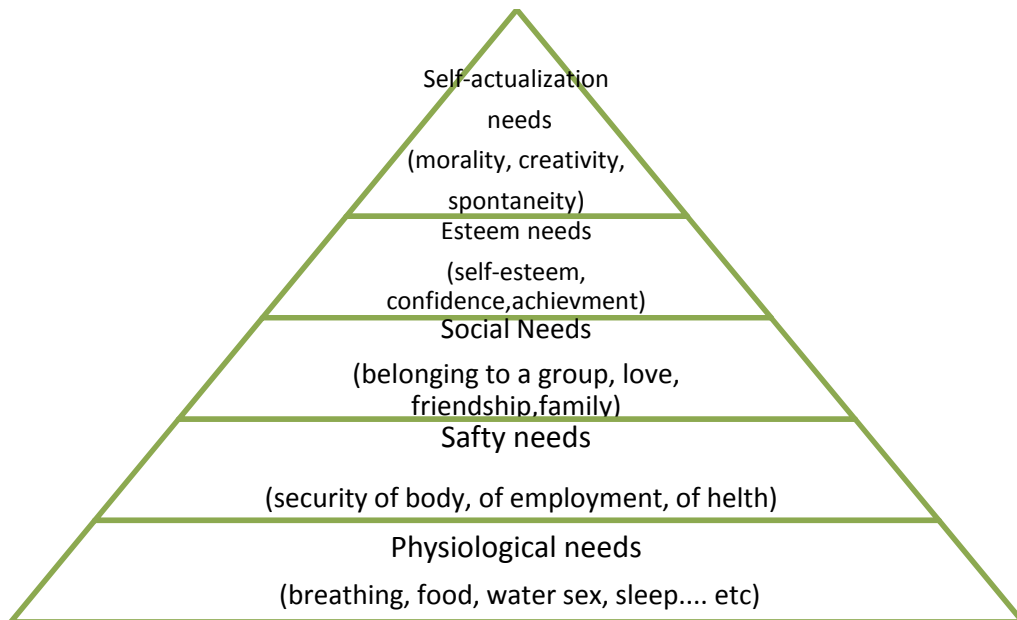


Figure: 3.8 Maslow's hierarchy of needs

At the moment of discovering a necessity, there is appearing the motive for buying the product. In this case the motivation can be defined as a search for satisfying the need. It should be taken into account that the motivations are connected to the needs, and that the same need might be related different motivations. Furnishing a home is satisfying simultaneously several necessities, even if the consumer is not aware of it. There are existing basic needs associated to the definition of the product and to the tangible elements of it, and other necessities of intangible or symbolic character.

Not all the furniture consumers are having the same needs, some of them prefer the tangible elements and others could prefer the symbolic ones, all depends on the level of complexity of the potential buyers. In the following chart there are assumed the main identified potential needs of the furniture buyer. In the following chart there are assumed the main identified potential needs of the furniture buyers, the relations is presented in between two extremes': the tangible elements of the furniture (Turck, 2006).

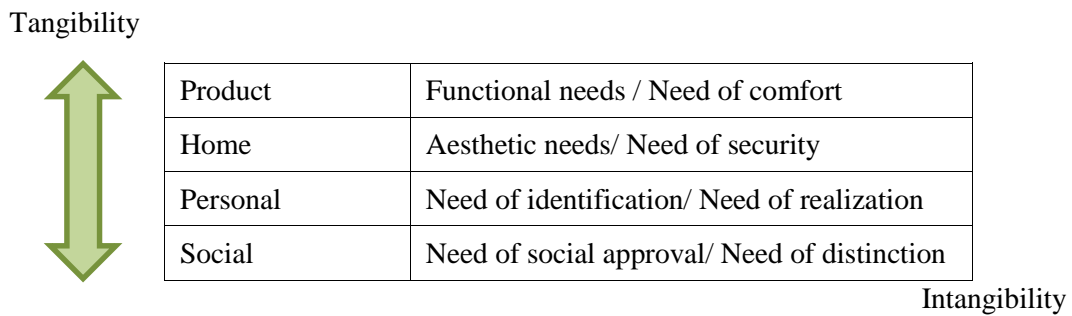


Figure: 3.9 Potential needs of furniture buyer

3.12 Personal Selling

In the language of sales and marketing, "personal selling" singles out those situations in which a real human being is trying to sell something to another face-to-face. One might well ask what other type of genuine selling there is. The answer is that personal selling has a functional equivalent. The modern differentiation between "personal" and other selling arises from the fact that a very substantial volume of ordinary purchasing of food, textiles, household goods, entertainment, travel, subscriptions, fuel, books, etc., takes place without the presence of a live facilitator. The only human contact is usually the check-out clerk; and corporations are labouring hard to replace even this humble functionary by machines that read barcodes and recognize credit cards. In the vast majority of these situations whatever persuasion has been applied to the shopper has been delivered by disembodied images on television, radio, in print, by coupons, by signage, and by packaging. Thus "impersonal selling" is by advertising, sales promotion and public relations (William and McCarthy, 2005).

3.13 Sales Promotions

Sales promotion is the process of persuading a potential customer to buy the product. Sales promotion is designed to be used as a short-term tactic to boost sales – it is rarely suitable as a method of building long-term customer loyalty. Some sales promotions are aimed at consumers. Others are targeted at intermediaries and at the firm's sales force. When undertaking a sales promotion, there are several factors that a

business must take into account: What does the promotion cost – will the resulting sales boost justify the investment? Is the sales promotion consistent with the brand image? A promotion that heavily discounts a product with a premium price might do some long-term damage to a brand. Will the sales promotion attract customers who will continue to buy the product once the promotion ends, or will it simply attract those customers who are always on the look-out for a bargain? (William and McCarthy, 2005).

There are many methods of sales promotion, including:

- **Money off coupons** – customers receive coupons, or cut coupons out of newspapers or a products packaging that enables them to buy the product next time at a reduced price.
- **Competitions** – buying the product will allow the customer to take part in a chance to win a price.
- **Discount vouchers** – a voucher (like a money off coupon)
- **Free gifts** – a free product when buy another product
- **Point of sale materials** – e.g. posters, display stands – ways of presenting the product in its best way or show the customer that the product is there.
- **Loyalty cards** – e.g. Nectar and Air Miles; where customers earn points for buying certain goods or shopping at certain retailers – that can later be exchanged for money, goods or other offers

Loyalty cards have recently become an important form of sales promotion. They encourage the customer to return to the retailer by giving them discounts based on the spending from a previous visit. Loyalty cards can offset the discounts they offer by making more sales and persuading the customer to come back. They also provide information about the shopping habits of customers – where do they shop, when and what do they buy? This is very valuable marketing research and can be used in the planning process for new and existing products. (William and McCarthy, 2005).

3.14 Summary

The chapter describes the commercial management aspects that are important in handling business. Subsequently, it is described about the five marketing concepts, production concept, product concept, selling concept, marketing concept and societal marketing concept. At the same time, it provides a clear description about the types of products under four aspects, the differentiated products, customized products, augmented products and potential products.

Customer satisfaction is identified as the most important factor ever in handling any kind of business. It is described about the importance of the customer satisfaction as well as the manner in which the customer satisfaction could be achieved.

Next, it is considered about the Quality Management System, which describes the manner in which the customer requirement, needs and expectations of the interested parties and the organisation with its context are processed in order to achieve the results of the QMS, customer satisfaction as well as the product and services. The process consists of leadership, planning, support, operation, performance evaluation and improvement.

Consequently, it is described about the context of the organisation under internal factors as well as the external factors. Next, it is considered about the risks and the actions to address the risks and opportunities. Subsequently, it is described the manner in which the aspects, applicability, documented information, organizational knowledge, and control of externally provided products and services affect the QMS.

Quality Management Principles, have been categorised under, customer focus, leadership, engagement of people, process approach, improvement, evidence based decision making and relationship management.

Next the wood furniture value chain is described along with the global trend of furniture sector. Accordingly, the axis value generation in the furniture market is described under the consumer value along with the life cycle of the value. SWOT analysis which is known as an important aspect in commercial management is described further in the chapter.

CHAPTER FOUR

RESEARCH METHODOLOGY

4.1 Introduction

This chapter explains the research methodology used in study, by mainly considering the research process and research approach. Initially under this chapter four, it will explain the research process accepted in this study and secondly give a clear cut opinion regarding the research approach concerning the research frame work.

Afterward it flows as per the defined research framework starting from describing the background study, literature review in identification and establishment of research problem, then the research approach, research techniques used in data collection and data analysis and finally up to writing of the dissertation.

4.2 Research Philosophy

Research philosophy is a principal to the concept of research design (Easterby –Smith et al., 2002) when considering the research aim the nature of this research that it is obvious that this study needs careful remark of human communication and behaviour. According (Easterby –Smith et al. 2002), “interpretivist” is one of the philosophy where reality is determined by people rather than by objectives and external factors. Therefore, interpretivist research philosophy was modified in this research.

Research philosophy is basic acceptance system that guides¹ the investigation which shaped by the assumption of reality .how the assumption are acquired what values go into research. Approach to any research will be basically in two factors qualitative and quantitative whilst some literature illustrates that there are three basic paradigms in research approach namely positivism provide philosophical theoretical instrumental and methodological function for conducting research and in

addition to provide researchers with a platform from which to interpret the world (Easterby –Smith et al. 2002),

The approach of measuring and quantifying as distinct and analytically separate is at the heart of quantitative inquiry and allows inferences to be drawn about the whole from the analysis of its parts. Reality is conceptualized as two dimensions and explained by cause and effect relationship this way of knowing is deductive and emphasizes observing truth as a singular objective reality. The qualitative approach is the way to gain insights through discovering meanings by improving our comprehension of the whole. Qualitative research explores the richness depth and complexity of phenomena. Qualitative research broadly defined means any kind of research that produces findings not arrived at by means of statistical procedures or other means of qualification (Easterby –Smith et al. 2002).

4.3 Research Approach

Case study research, through the reports of past, allows the exploration and understanding of complex issues (Zaidah, 2007). It can be considered a robust research method particularly when a holistic, in- depth investigation is required (Zaidah 2007). Through case studies a method, a researcher is able to go beyond the quantitative statistical results and understand the behavioural condition through the actor's perspective (Zaidah 2007). By including both quantitative data and qualitative data, case study helps explain both process and outcome of phenomenon through complete observation, reconstruction and analysis of case under investigation (Tellis 1997).

Yin (1994) defines case study research method as an empirical inquiry that investigates a contemporary phenomenon within its real- life context; when the boundaries between phenomenon and context are not clearly evident; and in which multiple sources of evidence are used. Particularly well suited to new research areas or research areas for which existing theory seems inadequate. This type of work is highly complementary to incremental theory building from normal science research (Eisenhardt, 1989). The former is useful at early stage of research on a topic or when

a fresh perspective is needed, whilst the latter is useful in later stages of knowledge (Eisenhardt, 1989).

Research was designed in a manner that research philosophy, approach and techniques are compatible with each other. Based on the identified underlying research philosophy, research problem was selected. Research techniques were selected based on the selected research approach. Below sections briefly discuss the research design.

4.4 Research Process

The research design consists of number of different step: background study, literature review, research problem statement, preliminary study, case study design, data collection, data analysis and write-up. The Figure 4.1 shows detail of research process.



Figure 4.1 The Research Process

4.5 Conceptual Framework

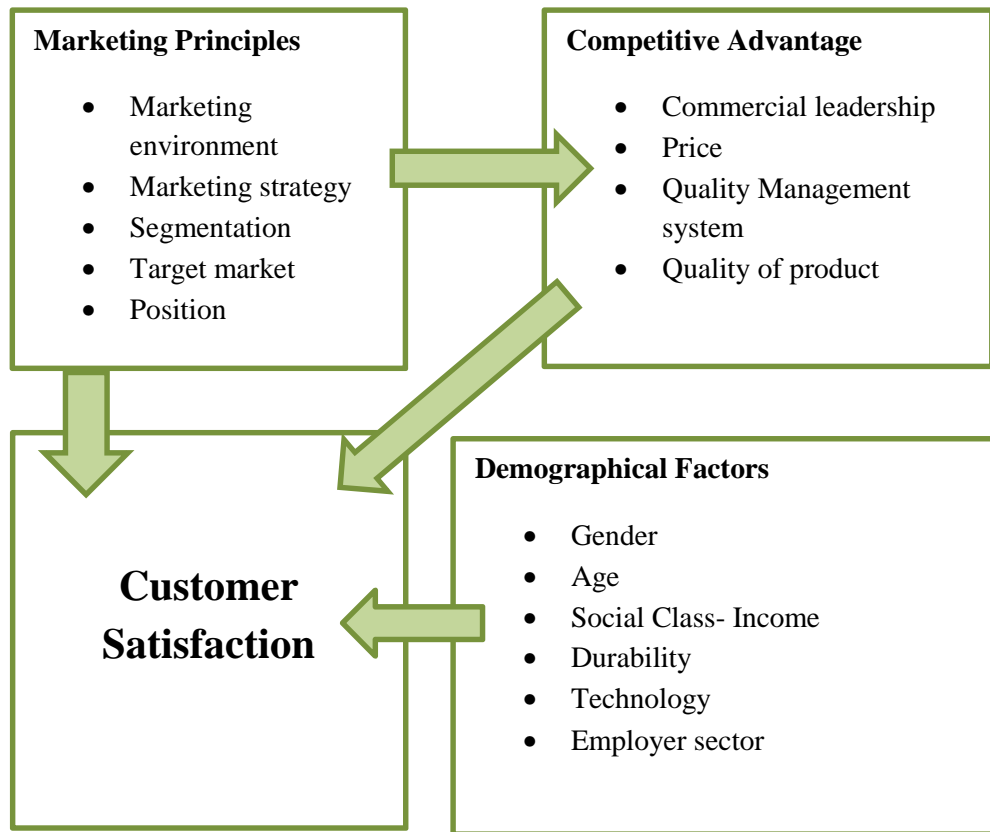


Figure 4.2 Conceptual framework

4.6 Case Study Design

Case study allows to find new theoretical interpretations and to aging more in-depth knowledge pertaining to existing theoretical insights. According to Yin (1994), generalizability of the study can be increased through the design of the case study and thus, more attention has to be paid in case study design.

4.6.1 Identification of Unit Analysis

Unit of analysis is the focal point where variables, phenomena and the research problem referred to and about which the data is collection and analysed (Collins and Hussey, 2003 cited Kulathunge et al.2008). Identification of unit of analysis or case for the study is in relation with the way the research problem is created (Yin, 2003).

Having identified the unit of analysis, the researcher fixes the boundary of the study which helps identify scope of the study with the limitations of the collection.

4.6.2 Defining Number of Cases

During the design phase of case study research, the researcher determines what approaches to use in selecting single or multiple real –life cases (Soy and Susan 1977). The researcher must deem whether to study cases which are unique in some way or cases which are considered typical and many also select cases to represent a variety of size parameters, or other parameters (Soy and Susan 1977). Case studies can be either single or multiple case designs, where a multiple design must follow a replication rather than sampling logic (Umit, 2005). When no other cases are available for replication, the researcher is limited to single – case designs (Umit 2005). Multiple cases strengthen the results by replicating the pattern matching, thus increasing confidence in robustness of the theory (Umit, 2005). There is no consensus on appropriate number of cases to be developed when adopting a multiple case study approach in literature. According to Perry (1998), when the study is too broad in qualitative research.

4.6.3 Selecting Cases

According to Yin (2003) case study design can be classified as shown in the figure 4.2 case study design can be categorized along two dimensions, reflecting whether the number of case studies contributing to the design, and the number of units in each case study respectively. Considering the above elements and due to the time constraints the number of cases to investigate in this study limited to one.

	Single – Case Design	Multiple –Case Design
Single unit of analysis	A	B
Multiple unit of analysis	C	D

Figure 4.3 Case study design chart

4.7 Case Studies Methodology

A primary distinction in designing case study is between single case study, and multiple case study designs (more than one). This mean the need for a decision prior to any data collection on whether a single case or multiple case are going to be used to address the research question the single case study is an appropriate design under several circumstances. And five rational are given below (Owley, 2002).

One rational case study is when it represents the critical case in testing a well formulated theory .the theory has specified a clear set of propositions as well as the circumstance within which the propositions as believed to be true .the single case can be used to determine whether a theory propositions are correct or whether some alternative set of explanation of three theories (Owley, 2002).

A case study is an empirical inquiry that investigates a contemporary phenomenon within its real life context, especially when the boundaries between phenomenon and context are not clearly evident. This method focuses on many variables and uses triangulation to make sense of multiple data sources .case study method further uses prior theoretical propositions to guide data collection and analysis (Owley, 2002).

Potential single - Case Design

Single base case studies are based on,

- The Critical case as a single – case study
- The Average case as a single – case study
- The Revelatory case as a single – case study
- An Embedded, single – case study

4.8 Data Collection Technique

The case studies typically combine data collection methods such as archives, interviews, questionnaires, and observation. Data collection, and in general the execution of a good case study, depend crucially upon the competence of the

researcher (Owley,2002). Unlike, with say, a questionnaire, the evidence to be gathered is defined as it is collected. The sources of evidence discussed are the one most commonly used in doing case studies, documentation, archival records, interviews, direct observation, participant- observation, and physical artefacts (Owley, 2002).

- **Documentation**

Documentary is annual report of financial management and marketing report for SOE.

- **Archival Records**

For case study archival record often taking computer files

1. Public user files – statistical data made available federal ,state and local government
2. Organizational records –budget and personal records
3. Maps and chart – geographical characteristics of a place

- **Interviews**

Interviews are an essential source of case study evidence because most of the case studies are about human affairs should be reported and interpreted through the eyes of specific interviews (Yin, 2003).

The interview structure was developed by using the interview guideline and these guidelines were designed to capture data around the research problem and the interview questions were developed based on the literature synthesis.

1. Deputy General Managers – Marketing Section, Operation Section, Research & Trainee Section and Finance Section
2. Assistance General Managers – Marketing Section and Production section
3. Factory Managers, Sawmill Manage, Research & Trainee Manager, Showroom Managers.

- **Direct Observation**

Environmental condition will be available for observation, formal to casual data collection activities,

1. Participant –observation
2. Serving as the staff member in an organizational setting
3. Being a key decision maker organizational setting
4. Taking some other functional role in neighbourhood such as growth as marketing manager

- **Physical Artefact**

A technological device a tool or instrument, use the personal computer, use company machines.

4.9 Analytical Strategy

Basically the case studies are analysed manually .in order the figures and fact the financial figures are closely analysed. A coding frame work is crated followed by the data collection .it is strived to establish a chain of evidence forward and backward. External validity reflects whether or not findings are generalizable beyond the immediate case. Formats for narrative reporting and field notes guidelines for collection of documents and guidelines field procedures to be used .The object of the case study is observed and identified factors associated with the observed of arrangement with the objectives of the study annual report done if it is necessary as the study progresses (Owley, 2002).

The data is a qualitative report based on the broad themes of the coding frame work if the emerging data is strongly convergent a tendency of marketing management approach in business will be proposed and the remaining data will be the read for counter instances and those will be adjusted as necessary (Owley, 2002).

4.10 Summary

The research study was carried out for finding factors affecting timber products and timber demand and it was a single case study of State Owner Enterprise (SOE) Sri Lanka. This chapter describes methodology adopted to accomplish the objective of the study.

An objective I was fulfilled by using data availability at SOE and informal interviews was done with top managers of marketing, Operation, Finance and research section of SOE. Secondary data to fulfill the objective were collected from secondary sources of information, were extracted through previously published publications including annual reports, books, articles, journals and research articles.

In order to achieve other objectives distributed two types of questionnaires. A general description of the research method applied to achieve the objectives have been present under following headings of section such as study area, target population, sampling techniques, data collection and analysis, variables and measurements.

CHAPTER FIVE

DATA ANALYSIS AND RESULT

5.0 Introduction

In this chapter it discusses the results of study have been carried out of marketing strategies and customer relationship of SOE are examined to focus on the strength and weakness of SOE in timber and furniture productions.

Case study methodology is followed to examine marketing and customer satisfaction in timber and furniture productions by SOE in this chapter. A single case study is conducted on SOE with the data collected from annual reports and questionnaires. Data is collected also through semi-structured interview with senior and upper level managers in the SOE. Data analysis includes also an analysis of a selected sample of customers to examine customer relationship in furniture and timber products.

The State Own Enterprise (SOE) in timber was incorporated in 1968 by Hon. Minister of Lands, Irrigation and Power under the provisions of State Industrial Corporation Act No. 49 of 1957 and thereafter by the Gazette Notifications of No.178/10 of 5.2.1982 and Gazette No.11907 of 26.6.2009. The initial capital of the SOE was Rs.2.5 million (Marketing Division, 2005).

Thus during the past 4.5 decades the SOE went through good and bad times facing several challenges, yet the SOE was able to rise up a new and become the nation's leader in providing most trusted and best quality timber and timber based products to the nation. With 375 coupes and 54 timber Depots spread throughout the country, SOE supplies quality timber to 18 saw mills, 4 manufacturing complexes and supply timber products form 7 showrooms and is the absolute leader providing most trusted and best quality timber & timber based products in the country (Annual report, 2016)

Quality – SOE keep on investing in our efficient facilities to improve on reputation for high quality products, SOE have built name on.

Safety - SOE people are first priority, and prove it every day. Through tireless focus on staying safe on the job, they maintain low injury rate per year.

Responsible – A relentless focus on their environmental, social and safety performance makes us a leader in timber market.

Customer Focused – Performance build strong relationship with their valuable customers.

State Owned - SOE support Sri Lankan government to achieve national objectives.

SOE have a greater understanding that integrating social, environmental and ethical responsibilities would ensure long term success, competitiveness and sustainability of our business. SOE witness that it is business organization that defines a nation's standing among its peers. We believe that exhibiting socially, environmentally and ethically responsible behavior in governance of our business operations can generate value and long term sustainability for itself while making positive contribution to the betterment of the society.

5.1 Commercial Strategy for Timber Business in State Sector

Following the research objective commercial strategy of SOE is analyses here with data collection

5.1.1 Market Share in the Industry

Sri Lankan context timber and timber based product market is highly competitive, because there are lots of small, medium and large scale players in different sectors within the industry. According to the Department of Forest Conservation, island-wide registered business entities of timber industry as follows.

- Timber sales outlets 4,965
- Carpentry workshops 6,446

- Sawmills 3,140
- Wooden furniture Shops 5,389
- Fire wood sheds 1,111

Apart from the registered enterprises, there are many number of unregistered and informal enterprises operate in the country. SOE is one of the key players in Sri Lankan wood and wood based industry.

SOE developed its product portfolio while acquiring the core competencies for long period of time. It helped to address frequently changing customer requirements facing the competition and kept the leading position in the industry. Those products mainly categorized as Logs, Sawn Timber, Sleepers, Transmission poles, Elephant poles, Furniture and Other (Fire woods, outside slabs, fence poles).Composition of Our product and its contribution as follows.

Contribution of SOE products to the revenue in 2016

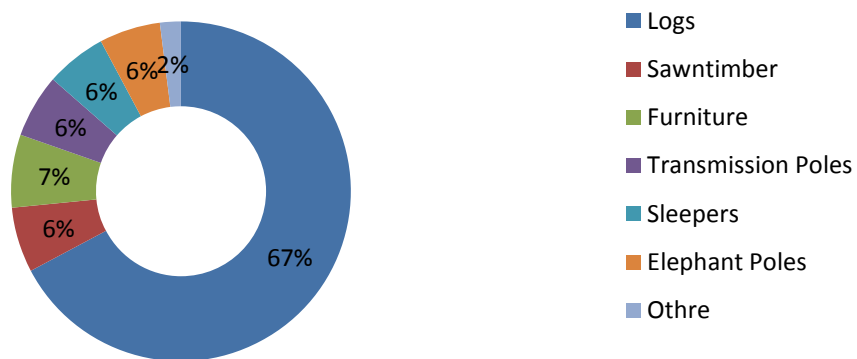


Figure 5.1 Contribution of SOE products to the revenue-2016

(Sources: Annual Reports2016.)

Due to the large number of registered, unregistered and informal enterprises in the timber industry, it is difficult to find out exacta markets share. SOE uses different sources to find out the market share. For instance, annual timber demand of the country based on Forestry Sector Master Plan (FSMP) and Gross National Income of wood, wood based product of Central bank statistics.

5.1.2 Market Share

New product development of SOE is analysed here to examine customer relationship in timber and furniture product business.

Logs, sawn timber, and other timber base products

Among the product categories Logs category is the cash cow of the SOE which generate the highest income. There are different species of logs in including Teak, Kumbuk, Jak, Satin, Nadun, Ebony and etc. Teak logs are the key product of the SOE that generate the highest income fulfilling approximately 65% of the demand of furniture industry especially for the requirement of wood working cluster at Moratuwa (Annual Report 2015).

Furniture

State Own Enterprise, furniture production in the growth stage of the product life cycle which consists of Household furniture, Traditional furniture, Office furniture and Finger joint furniture which generated Rs. 297 Million over the last year. As per the Central Bank report, the Gross National Income of Furniture Industry is Rs. 60,172 Million and SOE hold 0.5% market share in the furniture industry.

SOE conduct individual market research, customer survey, competitor analysis and participating to local & international conference, exhibitions to grab the market trends, changing customers' expectations and competitors' movements to develop new products and improve existing products (Annual Report 2015).

5.1.3 How the Brand has performed

With the ownership (strength) of the government and by providing best quality products and few specific services to the valuable customers, SOE has acquired unbeaten trustworthiness achieving a well reputation among the people. SOE has established a great image keeping its sole identity while showing remarkable corporate personality. SOE used few brand assets to perform its brand.

5.1.4 Differentiation from Competition

SOE values or guiding principles are trustworthiness, superior quality, durability, honesty and transparency, expertise and skilfulness, and commitment for the stake holders. Over 49 years SOE maintains these values. For instance, furniture and sawn timber that are produced;

- Raw material is well matured timber harvest from sustainable forest plantation
- Graded timber which is free from sap & lot of other defects
- Well-seasoned and preserved timber
- Sophisticated machineries for production process
- Quality and certified other materials
- Modern methods& techniques of assembling and finishing
- Excellence services

5.2 Customer

Today, the concern about the natural products around the globe has driven outstanding growth. As the manufacturer of the highest quality timber products with the best possible excellence service for 49 years, we at state own enterprise has given opportunity to sense the smell of Sri Lankan wood to our valuable customers and all the interested parties. Over those years we've become the accepted benchmark for Top-Class products. Our efforts to satisfy the customers' needs are described below.

Purpose of satisfying customers, based on policy of "CUSTOMER FIRST" SOE develop and provide innovative, safe and outstanding high quality products and services that meet a wide variety of customers' demands to enrich the lives of people around the country.

Customer satisfaction can be defined as the degree of satisfaction provided by the goods or services of accompany as measured by the number of repeat customer. SOE has identified that the customer satisfaction based on following elements and works together to achieve corporate goals.

- Customer focus
- Innovation
- Integrity
- Respect
- Continuous Improvement
- Quality

As government institution state own enterprise has taken steps to change environment of the entire organization to create a culture that truly puts customer first associates with great customer service.

5.2.1 Value Added Services

Timber that SOE use to produce furniture is well matured, free defects and sap and complies with all the legal and environmental requirements. SOE timber is well dried using kiln seasoning method built with modern technology. SOE offer 10 years warranty for timber and workmanship. We do free delivery based on the value of furniture purchased, repairer service and product fixing.

5.2.2 Quality Assurance

As State organization, SOE is aware of the loyal customers keep onus. SOE is committed on maintain the standards of their furniture. The quality is inbuilt in genetics of the SOE. To improve the seasoning quality, SOE established new timber seasoning plants at Ampara and Boossa furniture complexes. SOE have taken policy decision of purchase raw materials for furniture based on their quality and doing that SOE test finishing and other raw materials for their quality before taking purchasing divisions. SOE established a Boron treatment plant to improve the quality (durability) of Soft wood like Mahogany & Piun timber. Timber Corporation decided to adopt Quality Management System (ISO 9001:2008) to further strengthen the bond with their customers based on the product quality.

5.3 Assess Customer Satisfaction

Making satisfied customers is the key to success of SOE. Satisfied Customer always spared positive word of mouth about our products and they are become loyal customers of SOE. Customer came to purchase our product with the intention trust, quality, durability and elegant designs. SOE use matured, graded, well-seasoned and treated timber which free from defects to address the customer expectation. SOE gives a lot of attention to fulfil customer expectation than they expect and make them as delight customers.

SOE undertake customize production according to the customer requirements. Experts of SOE visits the sites to provide instructions, advices and get the ideas of the customer before the process are begun. Professional furniture designers design the product according to the details given by the customer and manufacture the product that match with the expectation of the customer within required time period. Customer can visit the furniture factory while the product is work in progress, and see process that how the product he ordered is going on. Rather than selling the physical product to the SOE customers, SOE provide excellent services beyond the customer expectation.

- Free Consultancy Services
- Timber testing and identification services
- Delivery service
- Free installation service
- Free repairer services

After completion the project, team of SOE visits the customers' site and check quality quantity and the arrangements of all items one by one with the customer to ensure the products are meet with the customer requirements.

Customer satisfaction survey is a form we use to ask from customers for their views on issues that indicate how well or how badly SOE is performing. Satisfaction surveys are a valuable tool which helps us to gain a better understanding of customers'

requirements and concerns, so that SOE improve their products and standards of service in line with customers' needs. By monitoring customer satisfaction and responding to problems, SOE improve customer loyalty and protect revenue and profitability. SOE conduct separate Customer satisfaction survey for corporate customer and walking customers by issuing separate questioners. For the corporate customer like Railway department, Electricity board and other

Government Institutions, SOE offer comprehensive questioner to grab more details because they are the key revenue creator of the SOE. For the working customer SOE use liker scale questions. In the questioner SOE cover the areas of

- Price competitiveness
- Accessibility
- Customer relation
- Order completion
- Quality
- Stock availability
- Convenience for customization

Customer satisfaction survey helps SOE to understand the expectation of the customer, find out where SOE are failing, assess the competition, loyalty measurement and Etc.

5.3.1 Customer Complain Process

Customer complaints offer SOE an opportunity to correct immediate problems. In addition, customers frequently provide ideas for improving products, adapting marketing practices, upgrading services, or modifying promotional material and product information. SOE receive customer complains via: Telephone, E-mail, Fax, Post (Letter), Complain Boxes, Complain Books, Web, Customer Survey.

SOE provide contact details to customers including telephone numbers, fax numbers, mail address and e-mail address on their web site, Face book page, promotion material, advertisements, name boards, publications and invoices to contact with them. SOE use complain boxes and complain books at our sales outlet to encourage

customers to come up with their complains and feedbacks. In addition to those channels customer satisfaction survey in another way to get customer complains.

There is a Customer complains handling procedure backed by the Ministry of Public Management Reforms. This system is a web based system which operates through <http://www.complaints.gov.lk/>. Any customer or any outside person can report complains relating to state own enterprise via the Public Grievance Management site. Instantly a SMS and an E-mail alert will receive to the particular complainant.

By using above channels any customer can forward their complaints directly from the Chairman, General Manager to front line staff. At the SOE head office there is an Assistant Manager occupied to handle the customer complaints. SOE complaints handling procedure aims to provide a quick, simple and streamlined process for resolving complaints early. SOE complaints process provides two stages to resolve complaints internally.

5.3.2 Customers Compensated for Defects and Service Breakdown

SOE follow sophisticated methods to manufacture the products and always try to deliver the products which are free from defects with excellent services. Though SOE use the modern technology and best timber, little number of customers comes up with defect failure and damages, because they are dealing with the natural resources which can change over the time. As an example, SOE use kiln seasoning to reduce the moisture content of the timber up to 12% to 20%, sometimes the timber will shrink or warps a result of climate changes and uses of the furniture.

All the consumers of SOE have certain rights under the sale of their product. If there are any defects or breakdowns in their products they ready to attend on that as soon as possible. When the customer inform about defects failure, one of their designer and production assistant visit the customer's place to examine the product and inform their superior. Depend on the intensity of the repair, technical team got to the customer place or bring the product to their factory to repair the product free of chargers. If they find the defect or the damage occur due to the uses of the customer, they charge repair chargers to repair the product. If the product cannot repair and it is within the warranty

period, they replace the new product for broken product with special approval need of the General Manager.

At the time they undertake customize product, customer need to pay an advance payment with the placement of the order. If the customer does not satisfy with the final product we try to match the product with the customer requirement. Even after the customer unhappy with the product they refund the advance payment to the customer. When the customer come up with the service breakdown, middle level manager address the situation correct the service break down. As an example, a customer informs that carpenters do not install a Pantry Cupboard properly, factory manager send the carpenters with the designer and production assistant to install the pantry cupboard properly.

5.4 Marketing Performance

5.4.1 Profit Growth Trend Analysis (Rs.)

Year	Value	Year	Value
2005	899,729.00	2010	1,365,285.00
2006	966,095.00	2011	1,237,640.00
2007	1,050,896.00	2012	1,546,107.00
2008	1,210,845.00	2013	1,197,165.00
2009	1,351,695.00	2014	1,453,451.00

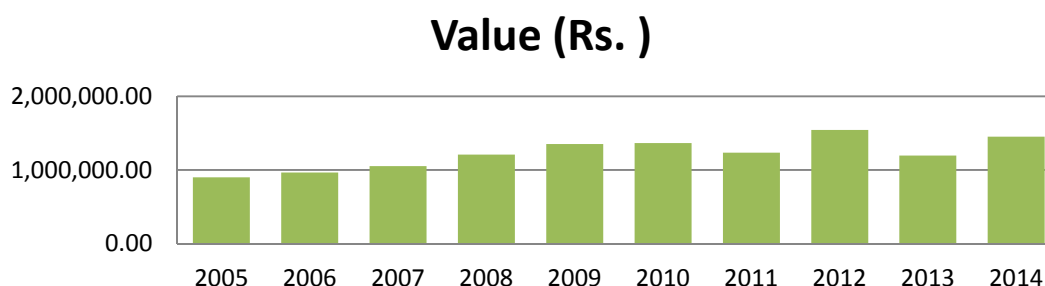


Figure 5.2 Profit growth trend analysis (2005-2014)

Source: Annual Report 2005-2014)

5.4.2 Timber and Timber Related Products

The actual production of the Corporation as compared with the estimated production during the year under review is given below.

Log Production

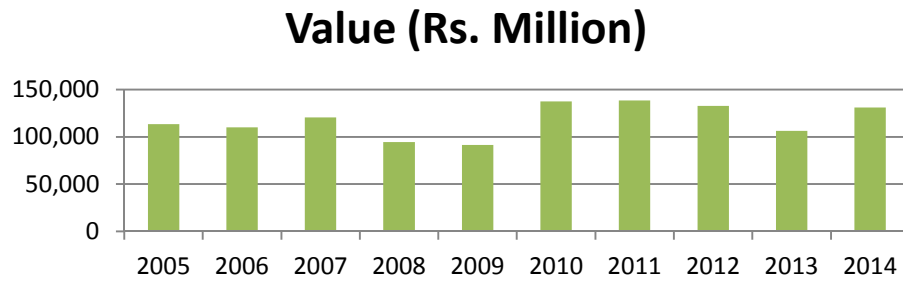


Figure 5.3 - SOE timber logs production
(Source: Annual Reports 2005-2014)

Production of Swan Timber

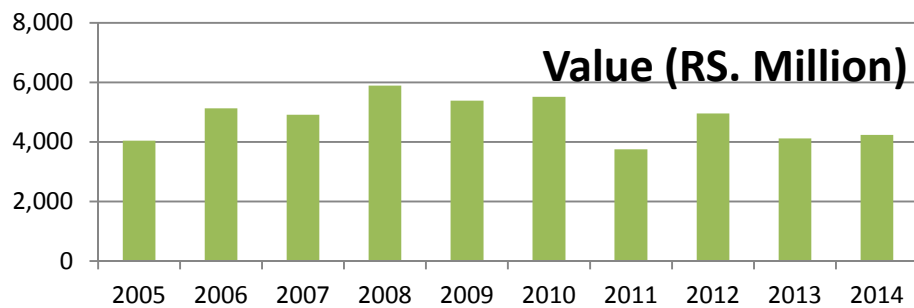


Figure 5.4 - SOE timber sawn timber production
(Source: Annual Reports 2005-2014)

Furniture Production

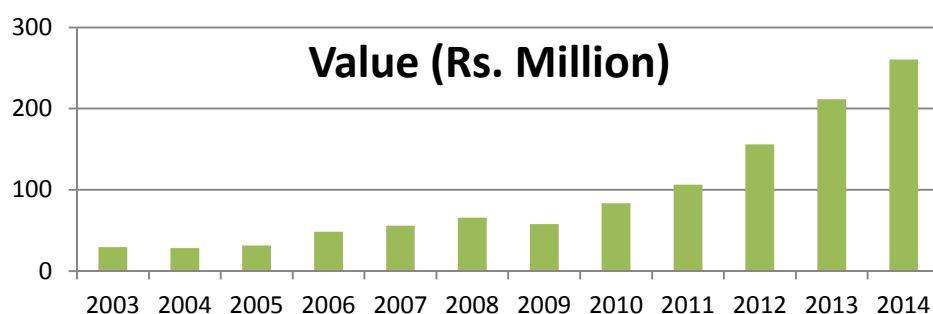


Figure 5.5 - SOE furniture production
(Source: Annual Reports 2003-2014)

5.4.3 Value Addition Growth

SOE has succeeded its targets in 2015 in a challenging environment and much attention has been paid to achieve excellent performance with economic and political changes. Increasing demand for timber created a higher production of timber in 2015 compared to previous years.

High rates of utilization of resources combined with rapid and efficient start-up of new technologies and methods contributed to high profitability and successful productivity record. The concept of value-added explains corresponds to the difference between the Corporation's sales and its purchases of raw materials and outside services.

	2011	2012	2013	2014	2015
Value Addition Growth	-13%	19%	-18%	13%	30%

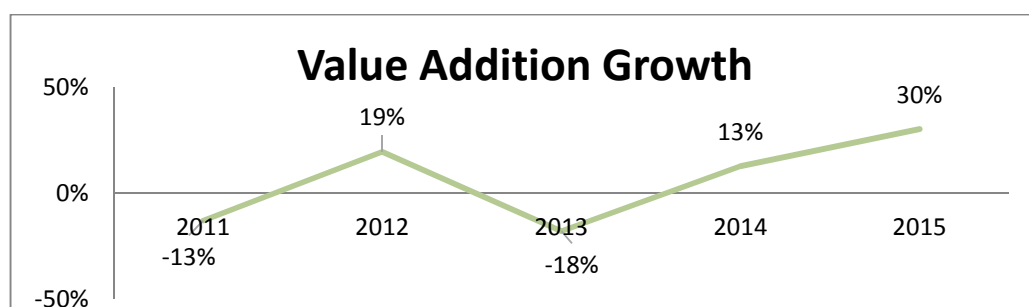


Figure 5.6- Value addition Growth
(Source: Annual Reports 2011-2016)

Value addition growth of the SOE has changed time to time. Compared to 2011, 2012 it was produced 19% increase and compared to growth of 2012, 2013 has declined drastically. In 2014 again it has increased by 13% and in 2015 again value addition growth rate has grown-up to 30% compared to previous year. The main reason of this was the budget proposals of 2015. Sri Lankan government has been taken a decision to increase government employees' salaries and it has been led to increase of cost of employment by significantly. Cost of employment of the SOE has increased and which highly affected to the performance of the SOE. On the other hand, increase in salary has been resulted for the higher productivity of workers and higher job satisfaction as well as it was automatically encouraged employees' loyalty towards SOE.

5.5 SOE Furniture Pricing

Sawn timber pricing

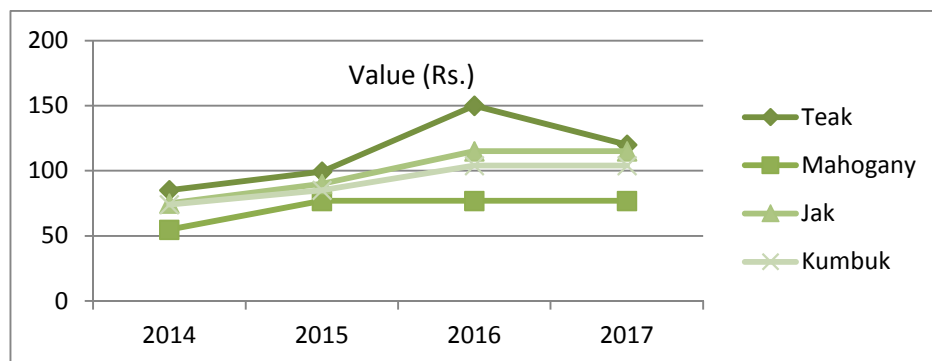


Figure 5.7- Sawn timber - per 1 dm³ rate for furniture manufacturing 2014 -2017

Labour cost

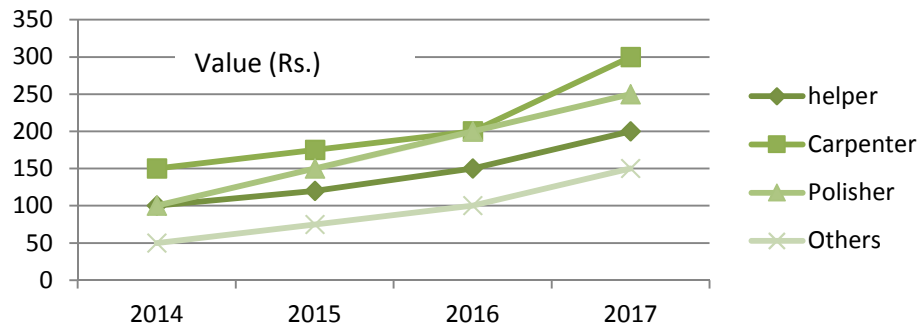


Figure 5.8- Labour cost - per 1h rate for furniture manufacturing 2014 -2017

Furniture price

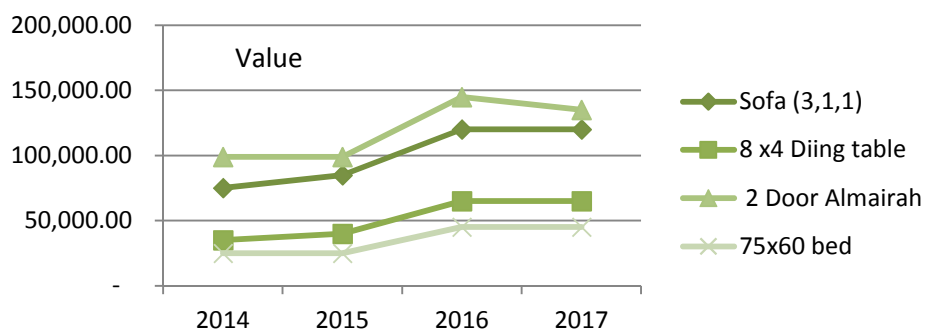


Figure 5.9 - Furniture price – Teak /with Tax (13%-17% - 2014 -2017)

5.6 Furniture and Timber Production in State Owner Enterprise

In this section Semi – structured interviews with Top Management, Regional Managers, showroom managers and Depot officers are analysed. For about 15 timber stores and timber sales centres all over the island were contacted for the survey. The total sample consists of 25 interviewees.

1. The services rendered through the SOE

- Conducting forest management and harvesting process.
- Provide timber logs, sawn timber, sleepers and elephant poles.

- Manufacture furniture and timber products
- Implanting plants
- Conducting Borono treatment
- Conducting seasoning of timber
- Implementing procedures for nursery management and forest planting
- Supplying plants (about 100000 plants are supplied annually)
- Conduct researches, training and publications on timber and timber products.
- Maintaining and introducing bio diversity park under dry zone climatic conditions.
- Obtain all donated timber from government when implementing highways and other development projects.
- Implement forest plantation at Kuliypitiya, Medawachchiya and sevanapitiya.
- Conduct the removal of dangerous trees.
- Conduct and coordinate ‘Thurujana Sisu Banku’ at school level.
- Conduct awareness programmes on timber and timber products.
- Provide Internship opportunities for university students.
- Purchase timber at small scale

2. The services rendered through the SOE

Market compaction affects to a certain extent.

SOE is the only government institute which executes the manufacture of furniture at large scales. But, it is reported that “Department of Small Industries”, “Sri Lanka Army”, “Laksala” and several other government institutes have implemented furniture production at small scale by now. Although SOE does not experience a competition from other government institutes, it is seen there are some private institutes whom SOE has to compete with. Yet, companies such as “Don Carolis”, “Master Pieces”, “Wooden Lanka”, “Damro” and “Singer” seem operating a big market share in the

furniture industry. However, they have been unable to surpass the SOE in means of the quality of the quality of the timber which are used in furniture production. It is observed that there is a minimum trend of customers being gathered around SOE due to the ineffectiveness of marketing promotion aspects. Being a government institute is really a privilege of SOE. However it is observed that should further more concern about the finishing quality and the simplicity of the furniture. At the same time, a special procedure should be implemented to establish furniture outlets throughout the island.

3. SWOT analysis in the enhancement of market share

SOE, which is an affiliated institute of Ministry of Environment, is in a stable condition in means of finance and resources. It has a history of 49 years where there is a crew of about 2000 permanent servants as well as about 5000 daily payment labourers. SOE, being spread all over the island, provides a number of services to its customers as well as to the country. The most effective strength of the SOE is identified as the skilled and well experienced top management. SOE has created a number of career opportunities to university students, craftsmen registered at “Shilpa Sabha” and carpenters from Moratuwa area.

4. The actions or steps taken in order to refuse the weakness and threats in the SOWT analysis

Primarily this is considered when preparing the annual production process. Yet, funds are managed according to the provisions of the budget whereas emergency financial requirements are fulfilled with fund allocated for other divisions of the budget.

SOE is mainly concentrating on repairing of machines and purchasing modern machinery in order to make sure the services are rendered continuously without any defects. Unless, there is a government or political interference, it is the top management who involve and solve the weaknesses or threats if any.

5. Application of customer satisfaction for the SOE

Customer satisfaction is considered as the most important aspect when providing products and services. It is expected from each and every service providers to deliver the services such that the customer satisfaction is maximized. Yet, it is executed to implement modern technological methods and to uplift the manufacture of modern products. On this aspect SOE is tactfully applying the high quality timber in their production to enhance the customer satisfaction.

- Utilizes timber which is taken from plantation over 30 Years older.
- Applying only the heartwood which is free from death nods, scratches and sapwood.
- Conducting treatment for timber and seasoning them.
- Utilization of modern machinery and technology in the production process.
- Applying quality row materials for polishing process.
- Assigning skilled carpenters and polishers to manufacture the furniture in accurate measurements.
- Provides guarantee for the security of the consumers.
- Providing after services and warranty for the furniture.
- Providing opportunities to the customers to examine production of their furniture at the production floor itself.
- Manufacturing custom designed furniture to meet the customer requirement.

The intention of SOE is to provide the furniture, which is manufactured of quality timber and quality row materials such that maintaining the quality and the design of the final product in order to meet the consumers' requirement, at a reasonable price within a short period of time.

6. Determination of the quality of timber and timber products

When handling forestation, the overall process from planting to cutting down trees is supervised fine-grained. This supervision includes removal of undergrowth, trimming

down the plants using standard methods, supply physical factors essential for proper growth of plants and cutting down the matured trees at the suitable age. It should be mentioned that modern machinery is used in the above process. The mentioned procedure is implemented continuously in order to obtain quality timber. The prices of timber logs are determined according to the grading methods proceed with the accurate measurements. After that these timber logs are preceded to timber stores and sawmills. The logs are then converted to sawn timber using modern machinery in order to minimize the timber wastage. In this process measurements are calculated according to the thickness and the size of the logs in order to retain the quality. Then the sawn timber is directed to furniture factories where the treatment and seasoning of timber is carried out. It is expected to mitigate the defects relating to environmental effects by reducing the moisture up to 12% to 15%. Moreover, polishing materials are obtained only from standard institutes such as “Jat Holdings”, “Nippolac”, “CIC” etc. whereas the quality of the materials is scientifically experimented with the assistance of Industrial Technology Institute. In this manner it is clear that the manufactured products are of the best quality.

7. Determination of the sale price of timber & timber products in SOE

The price of timber and timber logs are determined by the price committee annually, after comparing with the market price. It is a constant value for all other districts other than Colombo. The price is resolved in each year whereas the price is decided according to the measurements. The price of the sawn timber is determined according to the length, width and the thickness of the timber to which a 2% NBT and 15% VAT is included. Taxes are subjected to government tax policy whereas the value before tax is remained unchanged. The factors which determine the price of logs could be mentioned as the length and the size of the logs in which the grading of the log too is considered as a special factor. Here also the net selling price is imposed where it is exposed to 17% of government taxes.

Pricing procedure for furniture is a bit different from the previous procedures. There is separate computer system called ERP system for determining the prices for

furniture. Firstly, it is required to calculate the quantity of timber required for furniture in dm³. There is a value, which is provided by sawmills to furniture factories, for dm³ relative to the separate types of timber (Teak, Jak, Mahogany, etc). After determining the cost for timber, cost of seasoning and treatment also is calculated and added accordingly. The wholesale cost is applied for other materials such as nails, glue and paints and polishes, instead of prevalent market price. At the same time, labour cost is calculated according to the time spent for the production.

$$X = \text{Timber cost (seasoning and boron treatment)} + \text{Finishing material} + \text{labour Cost}$$

This may also include the cost for machinery and transportation as well. Finally the net selling price is obtained after adding the profit margin to the calculated value. Here the final decision is taken through the pricing committee. Due to the transparency of the process of determining the prices of timber and timber products any person can be provided with the information at any time. Price does not depend on the customer whereas the price is a constant for each and every customer.

8. Differences of SOE from the other timber products suppliers

SOE is outlined among other suppliers for the superior quality of its products. Being the sole government institute having the responsibility of collecting and distributing timber, SOE provides a series of services to the society as well. Unlike other suppliers, SOE implements plantation programs to make sure the balance of the nature is protected, even with cutting down of trees for timber. Although SOE products are identified to be expensive, it is said that the products are of unique features where they are produced with an elegant and rich outlook.

9. The SOE's position to meet the prevailing competition and the higher demand for furniture in the present market conditions

- A series of precautions are to be taken on this matter in next year.

- Implementation of e marketing services where it may provide opportunities to place the orders of timber and timber products through websites and online systems.
- Discount program for furniture is to be introduced.
- Increasing the credit limit of the credit facility granted to government servants.
- Establish furniture outlets all over the island to facilitate the customers at any corner to purchase the timber and timber products.
- Implement awareness programmes of timber and timber products.
- Furniture handbook is to be published
- Arrange an advertising campaign through television, online media and newspapers.
- Conduct exhibitions and other marketing campaigns.

10. It is reported through the market analysis that the degree of awareness on the service provide by SOE remains at the lower value. What are steps that would be taken to enhance the market share through improving the awareness of the customer?

- Promotional campaign should be conducted all over the island to make aware the customers from every nook and corner of the country.
- Advertisements should be published in newspapers and televisions in to get the message to the customers.
- Websites should be improved with attractive interfaces and online marketing features.
- Discounts could be introduced at festive seasons to increase the sales.

5.7 SOE's Timber and Furniture Businesses

Explain sample data collection, questionnaire distributed etc.

1. Knowing about the information on the service provided by SOE

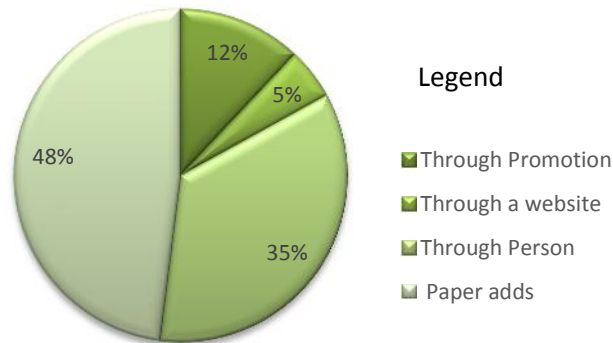


Figure: 5.10 - Information of the service provided by SOE

Majority of 48% has become aware about the timber logs, sawn timber and auctions of timber through newspapers. It is observed that they are more concern about the notices and paper articles published monthly in 'Divaina', 'Lankadeepa' and Daily news. 35% has got to know about the SOE furniture through another person. 12% has become aware about the SOE through marketing promotional campaigns whereas another 5% through websites. It is mentioned that most of the customers used to seek information about SOE through telephone calls. However, it is seen that being aware through websites and advertisements rates very poor.

2. Awareness of the service provided through SOE

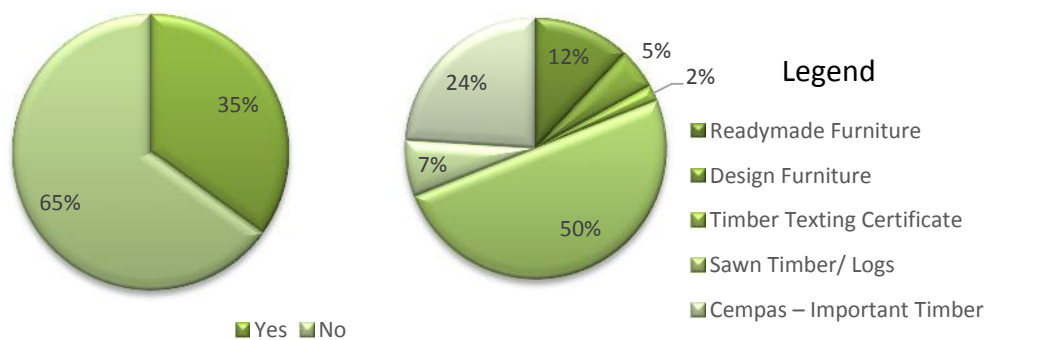


Figure: 5.11- Awareness of the service provided by SOE

It is experienced that a majority of customers who visit the institute are not totally aware about the Products and services provided through SOE. A majority of 50% considers SOE as an institution providing sawn timber and timber logs. Another 24% have identified SOE for supplying Elephant fence, fernace oil treatment for current ports and railway logs. It is significant that only a 12% was known about the readymade furniture manufactured at SOE whereas 5% was aware about that the SOE is manufacturing furniture on the personal requirement of its customers with the designs of personal taste. Another 7% have recognised SOE for supplying imported timber for roofing purpose whereas the less 2% identified SOE for issuing Timber Standard Certificates. However, it is observed that the overall awareness of the public on the SOE products rates only 65%.

3. Industry in which customer are employed

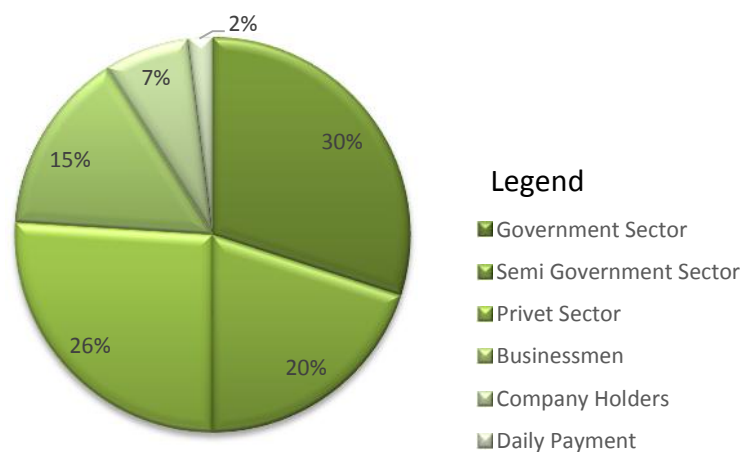


Figure: 5.12 Industry in which customer

Due to the credit scheme introduced through SOE for government employees, it is seen that a majority of 30% who visit SOE for their requirement for timber and timber products are government and semi-government employees. However, it is seen that most of them are unsatisfied about the credit limit in which the maximum amount is Rs.200,000. Moreover, 26% stands for the private sector employees as well as 15% for the businessmen among the customers who have gathered around the SOE products. Consequently, a majority of them are interested in timber auctions and wholesale purchasing of timber logs. Among the customers

of SOE, another 7% stands for company owners and 2% stands for customers having daily payments. The main reason for this could be identified as the availability of a variety of timber and a range of prices.

4. Customer's Monthly Incoming Level

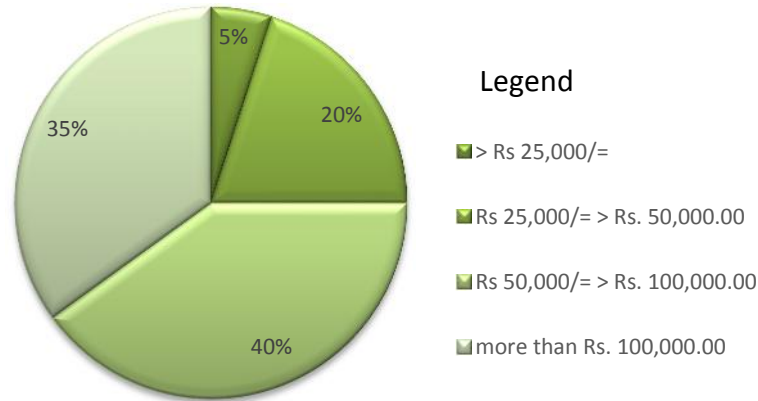


Figure: 5.13 Customer's monthly income level

According to the provided information 40% owns a monthly income in between 50000 to 100000 in which a majority belongs to the government and semi-government sector. 35% owns a monthly income over Rs.100000. Most of them are company holders where they ought to purchase products from SOE for their businesses even. Another 20% have a monthly income in between 25000 to 50000 whereas the less 5% owns a monthly income below Rs. 25000. It is clear that a majority of the customers visits SOE for manufacturing at least a single door for their household. It is due to the quality and trustworthiness that they prefer SOE products. Most of them carry on their transactions based on the trustworthiness of the institute, regardless of the prices of the products, which results a group of customers having different monthly income levels have gathered around the SOE.

5. Age Group

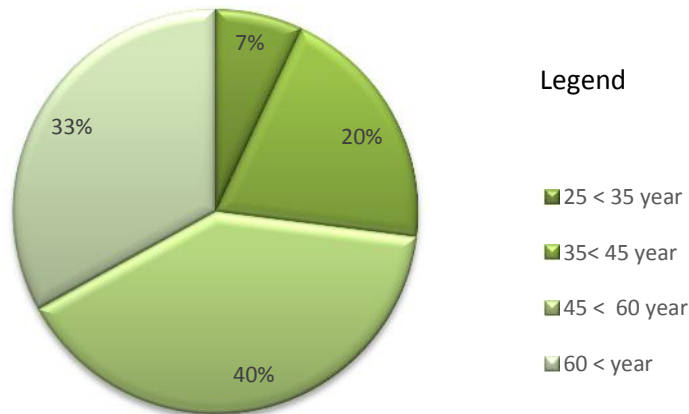


Figure: 5.14 - Age group

It is observed that a well matured and well educated group of customers have gathered around SOE. Yet, 40% belongs to the category between 45 to 60 years of age whereas 33% stands for senior citizens over 60 years of age. Their interest on the timber products is mainly based on the quality and the trustworthiness of the products. Gathering of the youth in between 25 to 35 years of age, around the SOE products seems very poor where the portion rates for just 7%. The reasons seem to be the unawareness of the quality of the SOE products and the lack of experiences. It may be due to the higher prices that only a 20% among the total customer base stands for the customers of 35 to 45 years of age.

6. The purpose of buying furniture from SOE

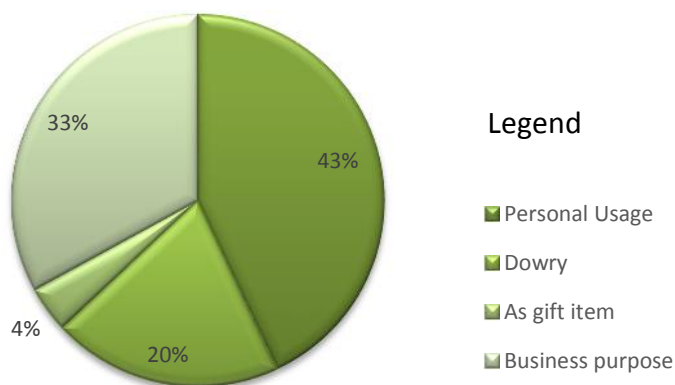


Figure: 5.15 The purpose of buying furniture from SOE

It is identified that a majority of 43% purchase SOE products for their personal usage where as another 20% purchases furniture items for their dowry. Yet, they normally select packages of household furniture including bedroom sets, dining sets and living room sets for their daughters. 33% purchases office furniture from SOE to fulfil the furniture requirement for office premises. Especially, it is significant that they implement interior decoration projects with the assistance of SOE in order to design the office premises with modern concepts.

7. Adequacy of the logs, sawn timber and furniture in order to fulfill the customer requirement

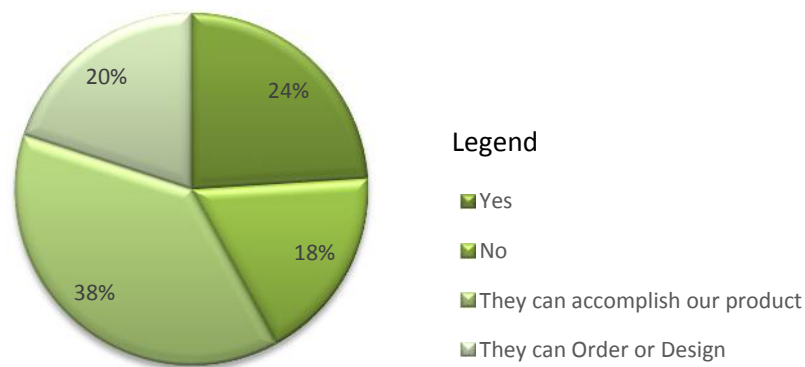


Figure: 5.16 Adequacy of the logs sawn timber and furniture in order to fulfill the customer requirement

Since SOE is a large scale institute, it applies various standard methods when grading timber logs, cutting sawn timber and manufacturing furniture. As there are no intermediaries affecting the production process, the SOE has the ability to determine the prices independently according to the accepted standards. Moreover, the prices for the sawn timber, logs and furniture are decided and determined annually. Yet, the customers have the ability to select their choices to meet their requirement. It is seen that the 24% represents that the requirement of the consumers has ultimately accomplished with the displayed furniture at outlets. Another 18% has been unable meet their requirement with SOE products. A majority of 38% seems willing to be flexible with the available furniture products whereas the less 20% requests SOE to manufacture furniture with the requested designs.

8. Varsity to design for furniture to facilitate customer with their selection

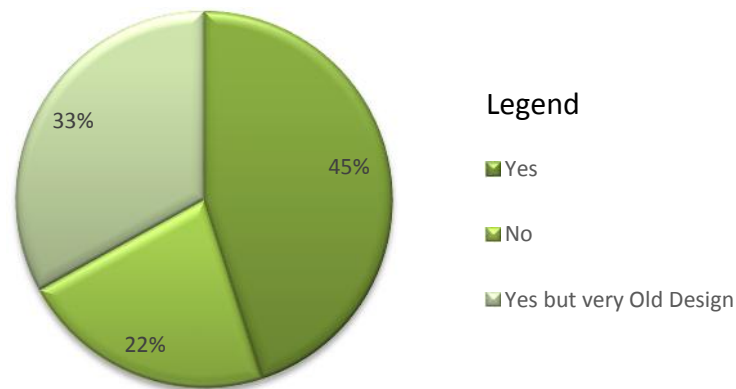


Figure: 5.17 Varsity to design for furniture to facilitate customer with their selection

SOE manufactures a various types of furniture items to meet the various requirements of the customers. It is clear from the given chart that a majority of 45% agrees with that the SOE has a variety of designs for furniture. Moreover, 22% seems unsatisfied with the limited number of designs available at SOE. Another 33% mentions that SOE presents a variety of furniture designs which are of older designs. It is SOE, which is now in a trend of manufacturing antique furniture items for whom prefer the antique designs. Yet, it is clear that, SOE is presenting a variety of elegant and modern designs which to suit the consumers' appetite.

9. The opinion of the customer about the price of SOE product

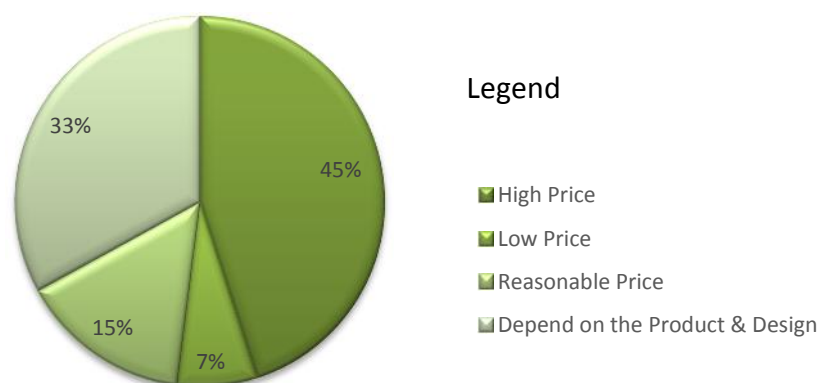


Figure: 5.18 The opinion of the customer about the price of SOE product

A majority of 45% considers the price of SOE products as high, whereas another 33% considers that the price depends on the finishing, the type of the timber and the quality of the product. Another 15% seems complied with the prices since they consider the prices are reasonable due to their elegant features and the finishing quality. It is only a 7% who considers the prices as low. Most probably, some customers who are more concern about their social status and dignity prefer to purchase expensive household good to retain their dignity. Such customers consider SOE furniture are cheaper than it appears to be.

10. Awareness of coustomr design of furniture

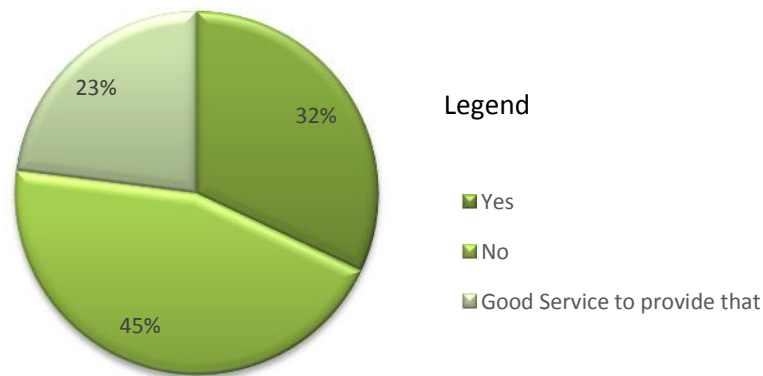


Figure: 5.19 Awareness of coustomr design of furniture

It is seen that a majority of 45% was not well aware about the service for custom designs provided at SOE. If the designs displayed at the outlets did not meet the customer desires they either walked away or managed to fix the available designs for their requirement. Another 32% seems satisfied the service of custom design, where as 23% rates the service as good and recommends to enhance the quality of the service by providing the requirements on time.

11. Satisfaction of SOE Services

	Feature		
A	Reputation of the SOE	F	Transportation Facilities
B	Price	G	Government Trust
C	Warranty	H	New technology and SOE Service
D	Durability & timber Quality of the Product	I	Aftercare Service are good
E	Final Product Quality		

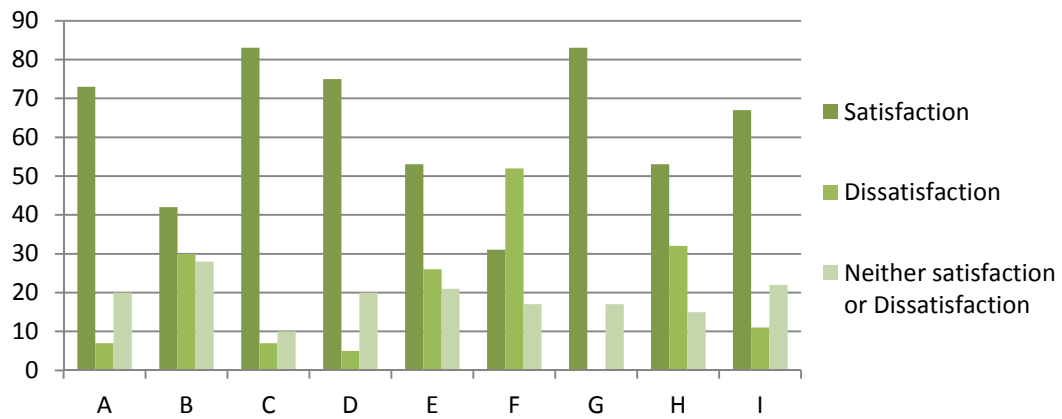


Figure 5.20 Satisfaction of SOE Services

As represented in the diagram it is clear that most of the customers seem satisfied with the services provided through SOE. Many of them seem to be delighted with the services such as the warranty, durability, trustworthiness and the after care services which could be identified as the most trending features for attracting the customers towards SOE products. Yet, it is outstanding that there's decline of the satisfaction when considering the price of the products. As discussed further, higher prices seems the most discouraging feature of the SOE products. Moreover, it is significant that a majority is unsatisfied with the service for transportation. It is identified that the customers face many difficulties dealt with transportation. Yet, there is an opportunity to attract more customers towards SOE if transportation facility is improved and extended further.

12. Inquiries about the quality of the furniture depend on the price

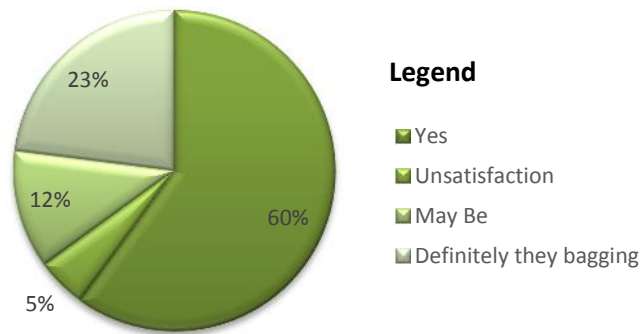


Figure 5.21 Inquiries about the quality of the furniture depend on the price

As seen in the diagram, a majority of 60% inquiries about the quality of the furniture and the quality of the timber which is used in the furniture production. Sometimes they purchase the products without any hesitation, regardless of the prices when they are satisfied with the quality of the products. 23% of the customers usually bargains when they are not satisfied with the quality of the products. Since the prices are high some of these customers expect the extreme quality products, unless, they bargain for their purchases. 12% of the customers conveys a mediate opinion on the matter whereas the 5% states that they will not inquire about the quality depending on the price, if the furniture is manufactured to the expected quality.

13. Opinion about the price of the furniture and the kinds of timber that are used

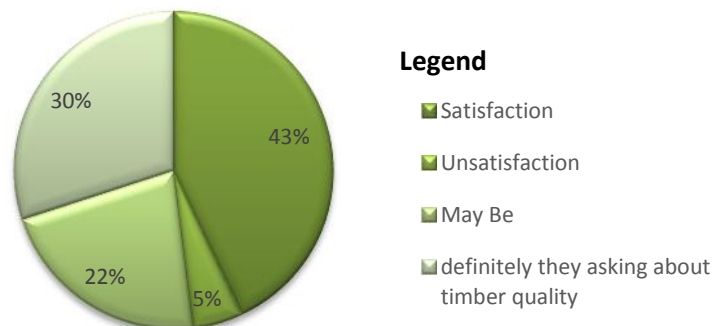


Figure 5.22 Opinion about the price of the furniture and the kinds of timber that are used

A majority of 43% seems satisfied with the kinds of timber used and that they trust the timber are of superior quality, since they prefer SOE products regardless of the price. Only 5% states that they are unsatisfied with the kinds of timber. Another 30% states

that they consider about the timber quality against the prices to make sure that they have purchased the quality products worth to their prices. 22% seems purchasing SOE products regardless of the kinds of timber and their accountability to the prices.

14. Issues associated with furniture item

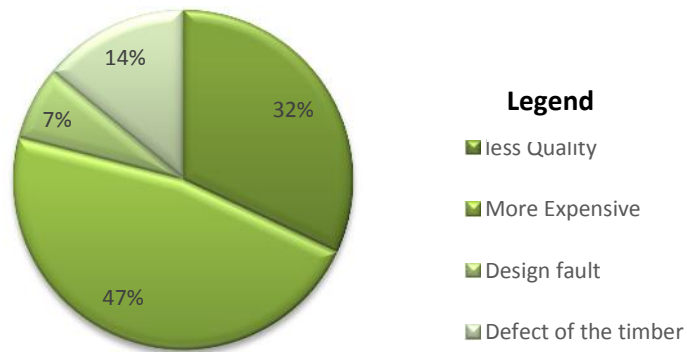


Figure 5.23 Issues associated with furniture item

It is clear that the expensiveness of the products is identified as the most effective issue arises with the furniture items. A majority of 47% considers it as major issue. 32% seems unsatisfied about the quality where they consider the less quality as a trending issue. Another 14% seems more concerned about the timber quality where they have identified the defects of the timber as a severe issue. A minority of 7% identifies the issues with the SOE furniture as the faults of the designs. They make complaints that SOE furniture are out of designs.

15. Opining about the SOE standards

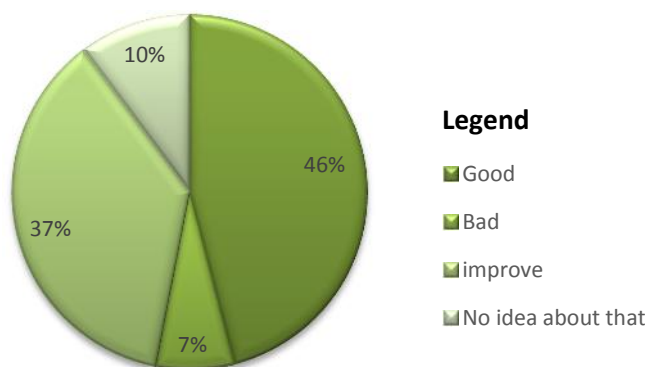


Figure 5.24 Opining about the SOE standards

It is evident from the given diagram that a majority of the customers seems delighted with the SOE standards. It is 46% majority who rates the SOE standards as good. It is significant that a 37% states that the SOE standards should be improved further. Yet, it is determined the standards should be improved in the aspects of pricing and quality. Another 10% had no opinion on the matter whereas the less 7% states the Standards are poor.

There are two types of customers who fulfil their furniture requirement from SOE showrooms and timber depots. Some customers directly purchase furniture items displayed at our showrooms, to fulfil their furniture requirement efficiently, while some other customers want us to manufacture their own designs in order to meet their necessity.

Majority of our customers do not make arguments or any complaints about the prices of the goods. The reasons seem to be;

- Unavailability of interference of intermediaries
- Being a government institute

Moreover, it seems that the customers are satisfied with our timber which is well polished and varnished such that the original colour of timber is remained constant. They say that make them easier to identify the type of timber in which the furniture is produced. Since SOE showrooms are clustered all over the country, customers seems delighted with company trustworthiness of purchasing furniture at a constant price from every furniture outlet of SOE.

When purchasing furniture, Customers examine the timber products carefully. While examining furniture items they sometimes report about scratchers and disorders. But, when they make them aware about the value of timber and the warranty period, they ought to purchase the goods even without bargaining. They just request us to repair the scratches for them. At the same time, they highly satisfy with our trustworthiness of not applying any scratched timber or sap wood in furniture production. The furniture produced at SOE is trusted to be more durable due to the

applying of dry wood and twisted timber as raw materials in furniture production. There are three major methods of polishing the furniture (NC polish, PU polish, and Water Base polish) which facilitate the customers to select the furniture according to their own appetite.

Although the customers do not consider about the prices, they are concerned about the quality and the value of furniture against their prices. They basically consider about,

- The standard measurements of the furniture
- Type of the timber and the quality of the timber used in the production

If the said matters are secured in order, customers usually neglect the scratchers and any discoloration occurred while colouring. At present a majority of customers who visit SOE furniture showrooms, refuse to purchase readymade furniture displayed at company outlets. They want us to manufacture their own dream designs for them instead.

The reasons seem to be;

- Limited space available at home structure
- Compatibility with the interior structure of the house
- Affordability
- Uniqueness

In such they visit our furniture showrooms along with a photograph or a sketch of a design of the furniture that they want us to design. Then our officers direct the design to our production site and make arrangements to design the required furniture and assess the prices as well.

This service provided by our institute is highly appreciated by our customers and it is popular among them, as well. Since SOE is a government institute, many other government and private institutes have intention of building up and maintaining relationships with us directly to fulfil their furniture requirement. There are various facts that strengthen this relationship.

- Reasonable Prices
- Quality of timber
- Unavailability of interference of intermediaries
- Transparency of purchases

Moreover our institute is benefited with the modern technology accompanied with modern machinery and skilled and specialized carvers. It is remarkable that SOE and “Shilpa Sabha” are the only institutes which have given the government approval for manufacturing furniture using ebony timber. Amongst it is SOE which supply ebony to “Shilpa Sabha” even.

Above all, there's a trend of purchasing antique furniture from us. Consequently, we have rearranged the production of antique furniture designs to meet the requirements of our customers who prefer antique items. Amongst all appreciations, there are some instances where some customers convey their disappointment. They mention the reasons as;

- The issues arising when transporting furniture
- Inability of supplying furniture on date
- Scratches and discolorations occurs due to natural conditions (humidity)

Yet we have already taken measures to overcome these issues. Even the top management of our institute is thoroughly concerned on the matters. We are glad to say that we introduce new inventions of furniture products to the market in every month. At the same time we make opportunity for our customers to purchase our furniture items at reduced prices twice a year in festive seasons. This opportunity is more popular among our customers as the discount is given against the prevalent prices.

5.8 Customer Relationship and Satisfaction for Furniture and Timber Product Markets

The customer relationship for furniture and timber product markets is analysed through a random questionnaire. The sample for the questionnaire was gathered

randomly from some government institutions and private sector institutions as well as through social media. The preferences of the samples are displayed as a percentage in order to analyse the results of the conducted questionnaire.

State Own Enterprise plays a prominent role in supplying timber logs, sawn timber and timber products (furniture) throughout the country. There are about 45 sales centres for selling timber logs and sawn timber all over the island among which Nuwaraeliya, Kandy, Galle, Ampara, Colombo, Moratuwa, Moneragala and Kurunegala remain prominent in the business.

More often, Majority of timber businessmen visits these work stations at Moneragala, Kurunegala, Nuwaraeliya and Ampara in order to purchase timber at large scales. It is found that a majority of daily buyers who visit these sales centres are carpenters and that they used to purchase sawn timber to meet their requirements in roofing and other wooden work including windows and doors etc. At the same time, it should be mentioned that there are about 07 furniture show rooms established all over country through which the showrooms of Galle, Ratmalana, Nugegoda and Kandy which are well popular among customers, were selected for this research and about 50 samples are provided. Moreover, I have selected about 25 walking customers who were participated in our marketing promotional campaigns as well. Accordingly, total number of samples collected was about 75 and based on those answers the following conclusions were made.

1. Gender

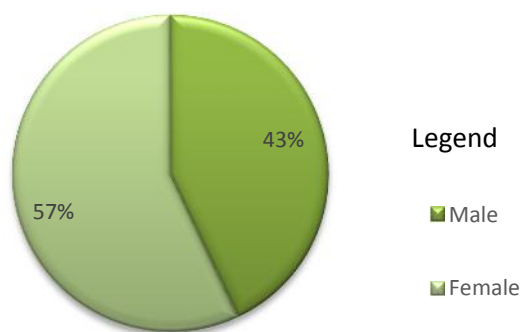


Figure 5.25 - Gender

According to the above chart, it is clear that 43% was male and a majority of the said percentage is interested in purchasing timber logs and sawn timber.

Consequently it is identified that the total count of the female represented by 57% of the given chart prefers to purchase furniture other than logs or sawn timber. Mostly, the women are interested in furniture where they seem to be courteous on interior decorations and modern designs.

2. Monthly Incoming Level

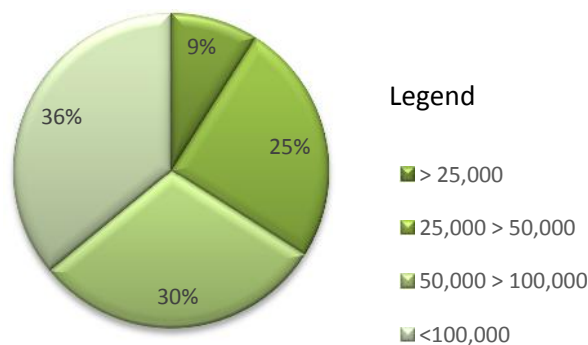


Figure 5.26 - Monthly Incoming Level

For easy reference the samples collected were categorised under four categories according to their monthly income level. Accordingly, it is recorded that 9% of the sample owns a monthly income below Rs.25,000/= and that they prefer purchasing of sawn timber. 16% of the selected sample takes a monthly salary between Rs.25,000 to Rs.50,000 and 80% of the said count is in the government service.

They usually purchase furniture under newly introduced credit scheme which facilitates them to make their payments in several instalments. (Prasada Abhimani Credit Scheme) Accordingly, it is found that, 30% of the sample belongs to the category of having monthly income of about Rs.50,000 to Rs.100,000. Amongst 60% is identified as government servants who purchase furniture and sawn timber on cash basis. The less 40% is identified as businessmen and it is found that they are more concern about the quality of the products other than the prices.

36% of the given chart represents the category having a monthly income over Rs.100,000, in which 80% is identified as timber businessmen, who purchase timber logs and sawn timber whereas the less 20% purchases furniture.

3. Age Group

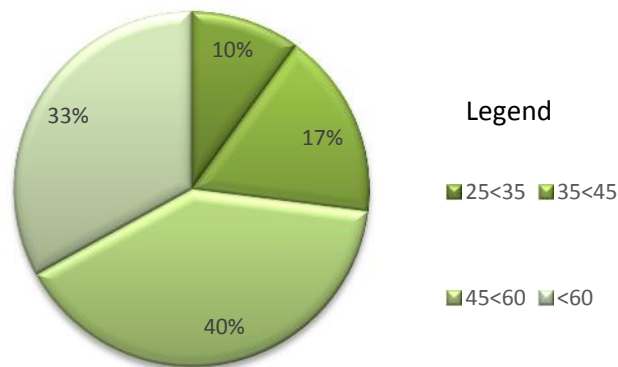


Figure 5.27 Age Group

When considered according to the age group, it is observed that about 33% of the selected sample belongs to the age category over 60 years. It is because of the trustworthiness and that SOE is being a government institution, they prefer to fulfil their furniture requirement through SOE.

Their seniority and the gathered experience direct them to keep their trust on the qualitative value of the SOE products.

Consequently, it is recorded that about 40% of the sample belongs to the age category between 45-60 years of age. Most of them are employed and they used to purchase timber and timber products with their monthly income.

17% of the given chart represents the age category between 35-45 years of age and it is observed that they are more concern about the physical appearance, design and the price of the product. It is identified through this research that they usually compare the prices with the actual value of the products and other value added services provided by SOE.

A minority of 10% is represented by the age category between 25-35 years of age and it is seen that a minimum percentage is willing to move on with timber and timber products. It is identified that other than financial issues, several other reasons have significantly affected on the matter. These reasons would be lack of experience and the unawareness of the stability and the trustworthiness of the institution.

4. Industry that the customer are employed

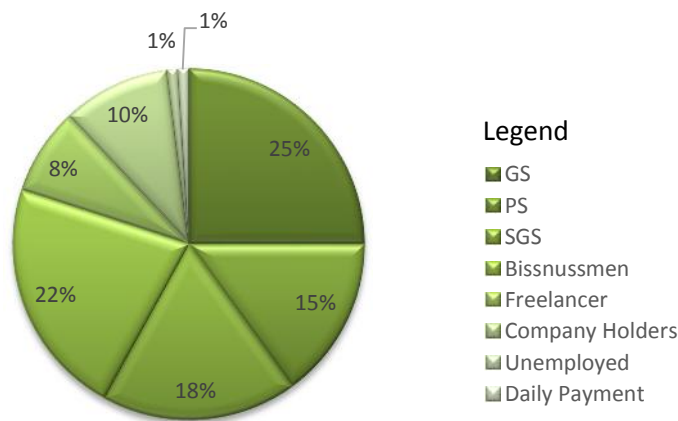


Figure 5.28 Industry that the customers are employed

When considered on the basis of employment, it is seen that a minimum percentage belongs to the category, unemployed and daily payment. It is observed that 25%, 22% and 18% are occupied by the government servants, businessmen and semi government servants respectively. It may be due to their stability in economy or concessionary payment opportunities provided by SOE that they ought to visit SOE for their timber and timber product requirements.

15% of the sample represents the private sector employees where as 10% and 8% represents company holders and freelancers respectively. Businessmen engaged in timber business usually purchase timber logs in large scale through SOE.

5. Furniture brand of SOE

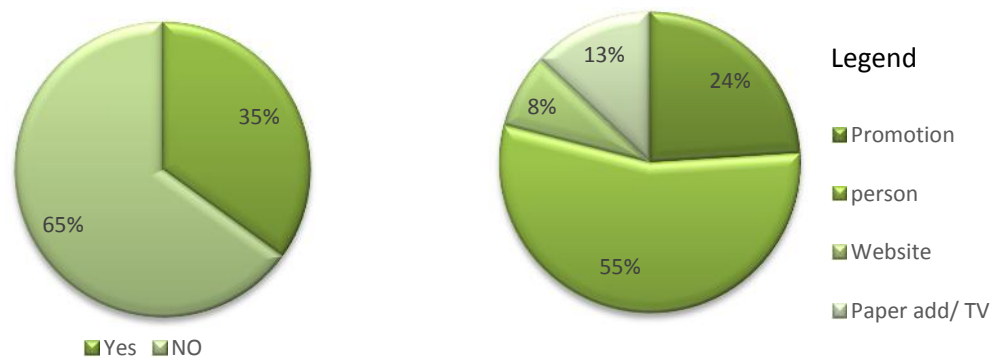


Figure 5.29 Furniture brand of SOE

It is clear from the above representation that only 35% of the selected sample was aware about the timber products and furniture manufactured at SOE. A majority of 65% was not adequately aware about that SOE is in the field of manufacturing furniture. Yet, it is observed that SOE is identified by a majority of the consumers as an institute of providing timber logs and sawn timber.

Amongst 35% of the consumers who were aware about the furniture products of SOE, we were able to identify several modes of which they got to know about those timber products and furniture manufactured at SOE. As represented in the above chart, 55% confirms that they were directed by other persons who obtained services from SOE. A 24% of the selected sample was motivated through marketing and other promotional campaigns whereas 13% and 8% were aware through media (paper advertisements/TV programmes) and website respectively.

Hence, it is clear that awareness of the public on the SOE furniture is at a minimum value and that it is required to implement strategies to make the public aware about the SOE products. It is expected that a large crowd of consumers could be attracted towards SOE furniture with an implementation of a better awareness programme. It is my attitude that this is the right time for implementing such strategies and I think it is a major responsibility of the marketing team as well. It would be more effective if these marketing campaigns are conducted through website and furniture outlets. It would be more important if these campaigns collect some extra values to bring the brand name into the public as well.

6. Familiarisation with the State Owner Enterprise

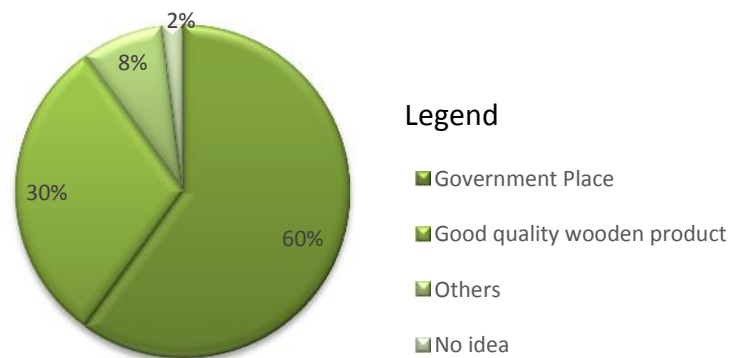


Figure 5.30 Familiarisation with the SOE

It is seen that a majority (60%) considers SOE as a Government Institute. They have an image of higher stability of the SOE along with government security.

A 30% of the participants have identified the SOE for its quality wooden products, which would be the most valuable comment ever for the SOE.

Minority of 8% is having a contrasting image of the SOE, while 2% of the participants haven't got any idea in same. It is evident that, a majority of the community is well aware about the SOE and its high quality products.

7. Competition advantage SOE has

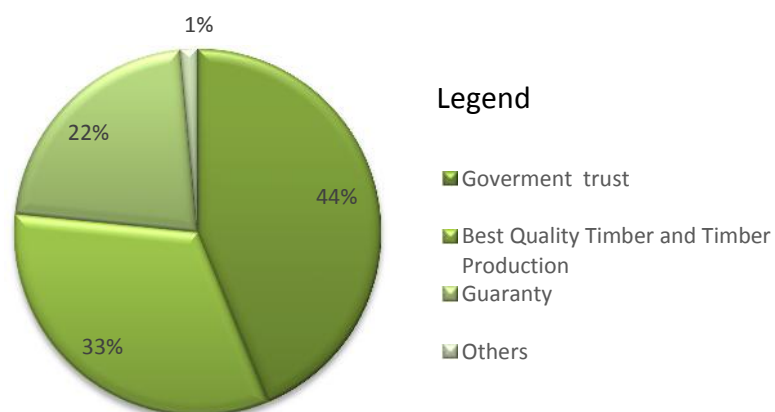


Figure 5.31 Competition advantage SOE has

According to the diagram, it is clear that there are many competitive advantages that SOE has on its hands.

Majority of 44% considers the government trust and security as the most effective competitive advantage, while 33% of the participants consider the best quality timber and timber products being the competitive advantage for SOE. 22% of the participants have identified the guarantee as the most competitive advantage while the rest has been limited for just 1%.

Although government security and trust plays an important role, it is the best quality of the products, which would be the most competitive advantage for SOE, where it has established its identity for quality products.

8. High quality of SOE products

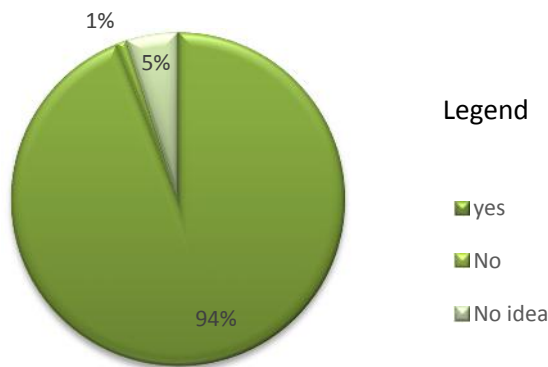


Figure 5.32 Quality of SOE products

Although there's a negative attitude deep rooted in the community on the quality of the products of public sector organizations, it is remarkable that SOE has uprooted the said negative attitude, where they have established their uniqueness of high quality products.

It is clear from the following diagram, that a majority of 94% believe that the SOE offers high quality products.

9. The price SOE charges for their products

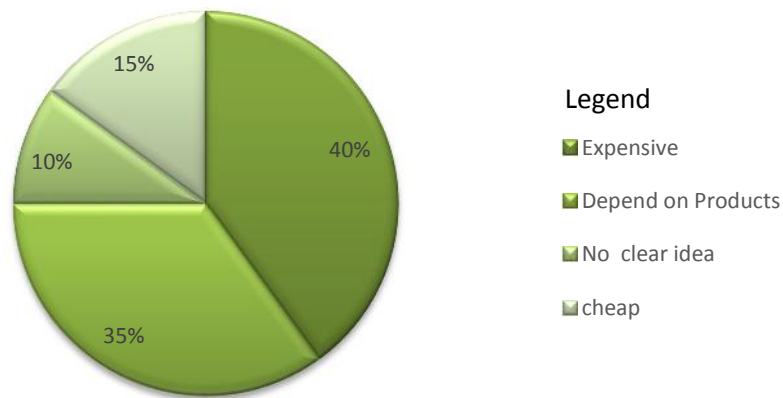


Figure 5.33 The prices SOE charge for their products

It is believed that the SOE products are comparatively expensive than other registered and informal institutions. The diagram also conveys that 40% of the participants are in the attitude of that, the SOE products are expensive. Moreover, 35% of the participants have identified that the expensiveness depends on the products and their quality.

15% of the participants believe that the products are cheap. When consider about the superior quality and the durability of the products and other value added services provided by the SOE, the customers may not have any doubt about their prices.

10. Opinion about SOE product quality

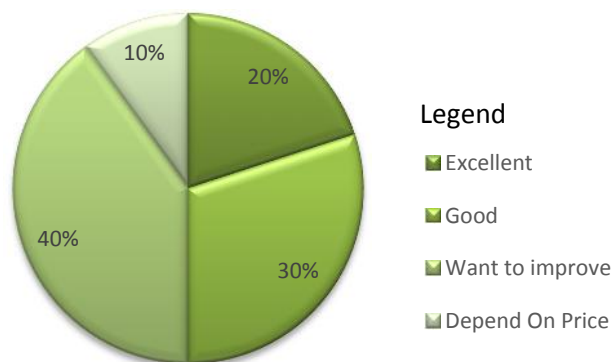


Figure 5.34 Opining about SOE product Quality

There's a general attitude that the SOE products are higher in the quality. But, according to the diagram, majority (40%) is in the attitude that SOE product quality should be improved. When considering this matter, it is clear that the customers in the modern society are thoroughly concerned about the quality of the products than the prices.

Another 30% of the participants consider the quality as good, while 20% of the participants state it is excellent. Moreover, 10% of the participants believe that the quality depends on the price.

11. Market share of SOE among the competitors

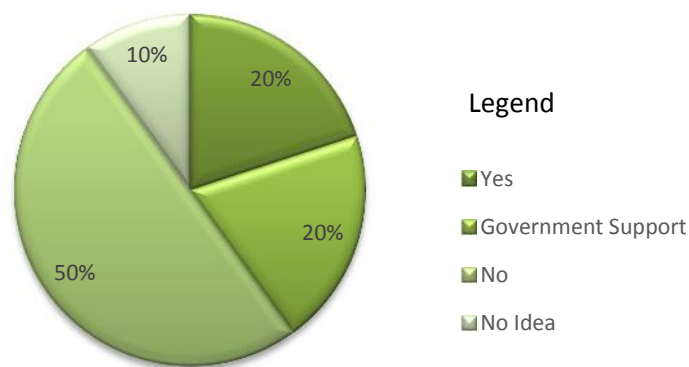


Figure 5.35 Market share of SOE among the competitors

Although, SOE is popular for its quality products, it has not yet able to capture a higher market share in furniture industry.

It is evident from the following diagram, that 50% of the participant's state that SOE does not has a higher market share in the furniture market. 20% believes that the market share is gained along with the government support while another 20% of the participants are in the attitude that SOE has a higher market share in the furniture market.

12. Main differentiating factors of SOE

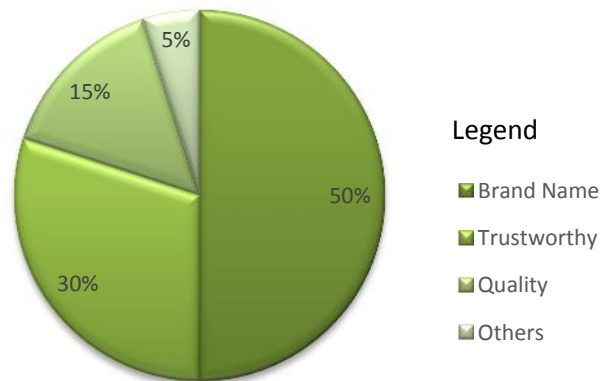


Figure 5.36 Main differentiating factors of SOE

The majority (50%) considers brand name as the main differentiating factor of SOE. This would be due to the government trust and security which gathers along with the brand name.

30% of the participants considers trustworthy as the differentiating factor while 15% believes that it is quality of the products.

However, it is evident that the combination of the said factors has led SOE to be succeeded in the industry.

13. Threats SOE has to face in the future

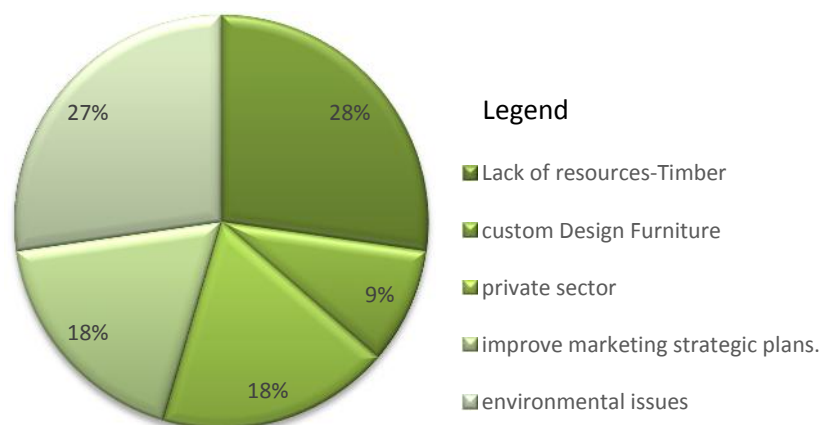


Figure 5.37 Threats SOE has to face in the future

Along with the prevalent marketing conditions, competitions as well as environmental conditions, it is forecasted that timber industry may face critical issues in the future. As in the diagram, even SOE may experience difficulties in supplying of raw materials in the industry. 28% of the participants state that SOE has threat of inadequacy of resources (timber). This may occur due to various environmental issues (27%) and government rules and regulations. Two portions of 18% of the participants consider that improved marketing strategic plans and influences of the private sector respectively as the threats for the SOE. Moreover another 9% believes that the requirement of customer designed furniture would be the threat for the SOE.

14. Suggestions to improve SOE business

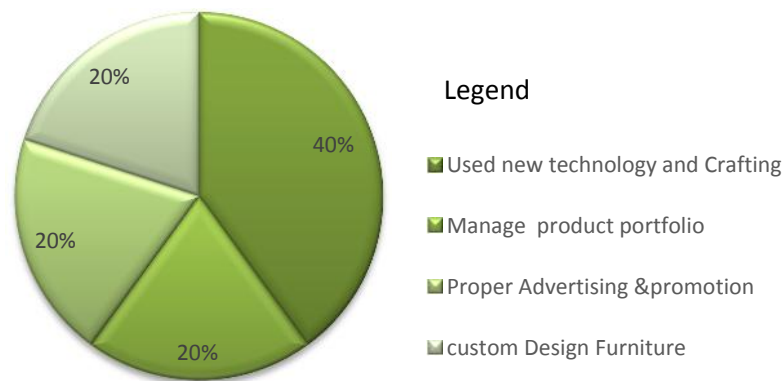


Figure 5.38 Suggestions to improve SOE business

All the four aspects described in the diagram are important to improve the business. According to the diagram, using modern technology in the production recognised (40%) as more effective in order to improve the business.

All the other three factors are recognised by a minority of 20% each.

Above all, producing quality products to suit the customer satisfaction would be more important to improve the business.

15. Untouched area of the furniture market by SOE

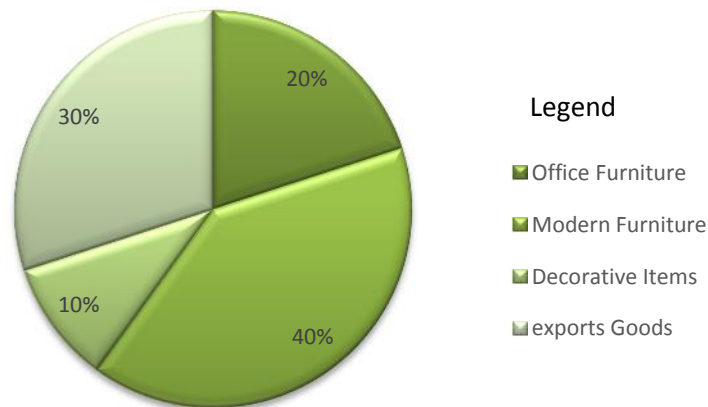


Figure 5.39 Untouched area of the furniture market by SOE

Almost all the areas of the furniture market are grasped by the SOE. Thus, it is demonstrated in the following diagram that, modern furniture production is not yet introduced to the customers. A majority of 40% state modern furniture as the untouched areas of furniture market by the SOE.

30% state it as export goods, while another 20% states office furniture. Above all, it is clearly evident that the production of the said products should be increased while promoting those products among the community in a suitable manner.

16. Reason for purchasing SOE product

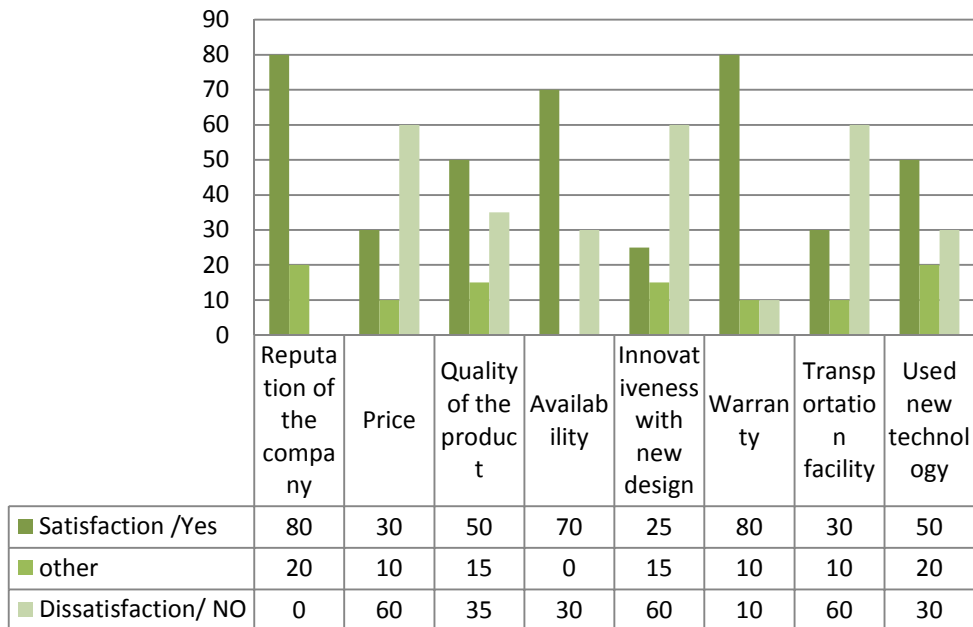


Figure 5.40 Reason for purchasing SOE product.

Reputation of the company

It is seen that about 80% of the selected sample seems to be extremely delighted with the service where as 20% seems to be consumed on the service. None of them seem to be unsatisfied about the institute either they obtain these services or not.

Price

When consider about the price of the timber products & services it is clear. That a majority of 60% say that it is more expensive. Another 30% say that the prices are reasonable. The less 10% say that price is considered according to the incident the quality of the product & their necessity.

Quality of the product

A majority of 50% of the sample about the quality of the timber & timber products. Whereas another 15% says that quality of the product should more enhanced further. Moreover they suggested that the price of the product should be determined according

to the degree of the quality. About 35% of the sample was unsatisfied about the quality of the product as the final finishing was not in a satisfactory level.

Availability

About 70% of the sample was satisfied about the availability of the products where they seemed to be more delighted with the modern design a variety timber in the production & availability of the range of price. But another 30% conveyed that they are unsatisfied due to unavailability of adequate products to meet their requirements.

Innovativeness with new design

It is observed that only 25% of the selected sample seems to be satisfied with the new design and the innovativeness of the SOE product. a majority of 60% conveys that they are unsatisfied with the available design. It is seen that they expect more design with innovative features. Moreover, another 15% of the selected customer seems to be optimistic that they prefer fulfilling their furniture requirement through SOE regardless of the design or innovative features of the product.

Warranty

Generally SOE and its product are more popular among the customers for their warranty, accompanied with the trustworthiness of the institute. Even it is clear from the above chart in where 80% of the sample being satisfied about the warranty provide by the SOE. Another 10% visits SOE for their requirements regardless of the warranty while the less 10% seem displeased about the warranty.

Transportation facility

When considering about the transportation, 30% say that the transportation provided by SOE is satisfactory yet, there is 60% majority who say the transportation is unsatisfactory. The main reason for this would be that the free transportation is providing within a limited town area. Moreover the customers would have experienced many difficulties in transporting furniture longer distance as the furniture outlets of SOE are not clustered all over the country. Usually, the transportation is provided through SOE at a fixed rate including taxes as well, which turns to a greater cost.

Hence, SOE provides opportunities to deliver products to nearby furniture outlets to facilitate the transportation.

Technology

It is observation a 50% of the selected sample was satisfied about modern technology used in the manufacturing process. Although SOE use a modern machinery and modern technology in the saw mill and furniture manufacturing process still there are about 30% of the selected sample who seems unsatisfied about they usage of new technology of SOE.

17. Recommendation to uplift SOE market

Recommendation - Legend			
A	Final Quality	F	Transport
B	Price	G	After service – warranty
C	Comfort and easily used	H	Promotion & advertising
D	Modern furniture design Sets (Bedroom sets, living room set)	I	E- Marketing service
E	Simply and easily hold furniture (reduce weight/ cleaning)	J	Utilization of function

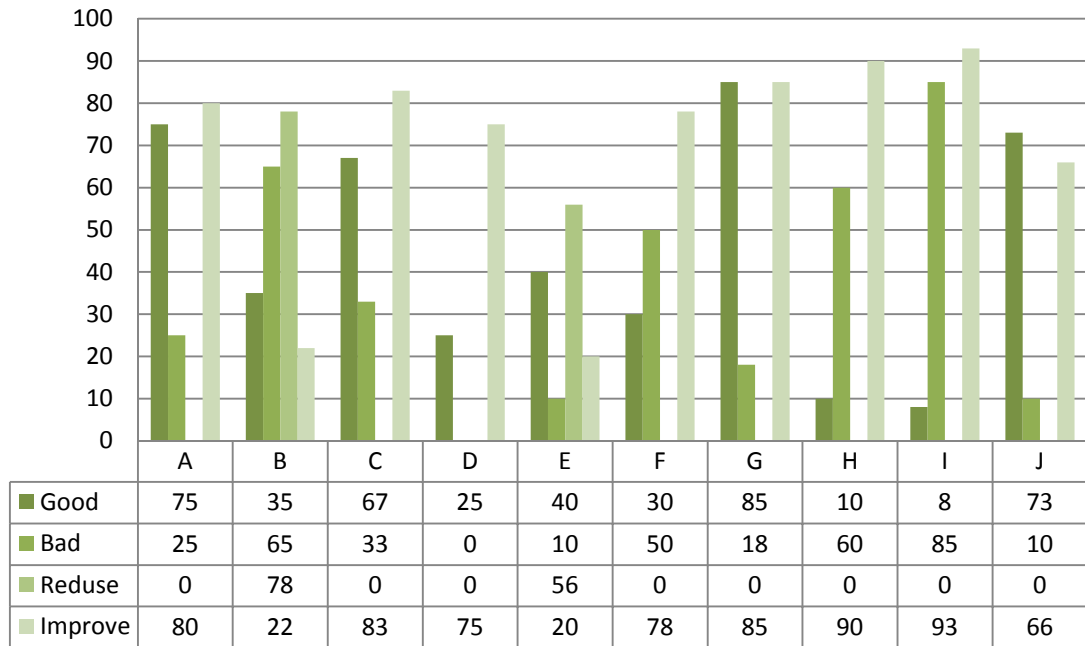


Figure 5.41 Recommendation to uplift SOE market

Although SOE is a trending institute for furniture production there are some other aspects which could be developed to uplift the SOE market. Among them the most important fact is the final quality of the product. According to the given chart it is clear that 75% says that the final quality of the products is good whereas the less 25% says the final quality is in a bad condition. 80% of the selected sample, who stated that the quality is in a good condition, recommends further improvements for the quality as well.

When considered the price, about 35% seems affordable with the price, where they say that the prices are reasonable. A majority of 65% is in the attitude that the SOE furniture is more expensive amongst which 78% recommends to reduce the prices. Another 22% amongst the said 35% recommends improving the prices, because they consider that the social status could be retained when consuming valuable furniture.

According to the given chart it is seen that 67% of the selected customers states that the SOE furniture are more comfortable amongst which 83% recommends

manufacturing furniture with more comfortable and convenient features to meet the requirements of their busy lifestyle. A minority of 33% seems unsatisfied about the comfortable features of the SOE products.

Although SOE is presently manufacturing modern bedroom sets and living room sets etc, only a 25% seems satisfied with the modern designs of SOE furniture. A majority of 75% stated that the SOE furniture should be further more improved with modern designs features.

Among the evaluated customers, 40% considers that the SOE furniture is light weighted and that it is easy to handle where as another 10% consider that the furniture items being light weighted is not a favourable feature. 20% recommends improving feature of reduced weight since it is easy to handle in cleaning purposes. Another 56% states that the feature of reduced weight should be discouraged since it may affect the quality of the products.

Among the selected sample 30% seems satisfied about the transportation provided by the SOE whereas 50% being unsatisfied with the matter of transportation. The reason would be the cost involved in transportation be a higher value. It is seen that 78% recommends improving the transportation facility which may craete an added value to the SOE products.

It is observed that a majority of 85% seems far more delighted with the value added services (after services) and the warranty provided by the SOE. As represented in the given chart only a 18% seems unsatisfied about the after care services. Yet, 85% recommends improving the value added services such as free transportation within outstation areas, etc.

When considering about the promotion and advertising in means of uplifting the SOE marketing, it is seen that the promotional marketing campaigns are not adequately implemented by the SOE. Only a 10% mentions that the advertising of the SOE is in a good condition, where as 90% recommends improving marketing and advertising aspects. 60% seems unsatisfied about the degree of advertising and marketing.

It is recorded that the SOE is in a very lower level when consider about the e marketing services. A majority of 85% mentions that the e marketing services are not well developed by the SOE. 93% among the minority of 8% who stated the emarketing services provided through SOE are good, recommends improving the e-marketing services where it facilitates the purchases and placing orders through internet.

It is observed that a majority of 73% agrees that the functions of the products are utilized properly where as 66% of the said portion identifies some improvements should be implemented for proper utilization of the functions.

5.9 Summary

The chapter is based on the data analysis and the result.

Marketing strategies of SOE and customer satisfaction which have been evaluated through the single case study methodology and the data collection from annual reports are analysed accordingly. At the beginning, chapter provides a brief description about the background and the absolute features of the SOE.

Next the SOWT analysis is described with related to the SOE where as it introduces the Strengths, Opportunities as well as the Weaknesses the Treats of the SOE. With relative to the customer satisfaction for timber business, the chapter then provides information on market share of SOE in the industry. Accordingly, it describes the market position for the relevant products of SOE such as timber logs, sawn timber, sleepers, transmission poles etc.

Next it is mentioned in the chapter, the manner in which the SOE is differentiated among the competitive market. Consequently the chapter describes about the importance of ensuring the customer satisfaction along with the value added services, quality assurance and the process of handing customer complaints.

Then the chapter provides information about the marketing performance of SOE with reference to the data collected from annual reports and other references.

Next the chapter discusses in detail the furniture and timber production in SOE and the issues, trends and strategies to be implemented with relative to the furniture production. This discussion is completely based on the information collected through semi-structured interviews conducted with top management, regional managers, showroom managers and depot officers.

Subsequently data collected through questionnaires conducted with the customers and showroom managers has been represented and discussed further in order to identify the customer's impression as well as their attitude of SOE furniture and timber.

Such that the degree of customer satisfaction is evaluated based on this questionnaire as a whole that chapter is lined out to discuss and describe about the furniture production and timber of SOE accompanied with the analysis of data collection through the case study method.

CHAPTER SIX

CONCLUSIONS AND RECOMMENDATIONS

6.1 Introduction

In this chapter conclusions over the entire research and the recommendations are illustrated with possible future research.

6.2 Conclusions

6.2.1 Study the concept of consumer based product development in timber business

State Own Enterprise is dominating the market of timber business by manufacturing furniture of all types as well as logs and sawn timber. It is recorded that the highest income was gained through selling of logs in which ‘Teak’ logs has become utmost outstanding in figures. It is examined that SOE has introduced a variety of new products in all kinds of household furniture as well as office furniture and traditional furniture in order to meet the customer requirements.

Hence SOE has introduced Modular Furniture (Ex: bed room set, living room set, etc) and stackable furniture (Ex: folding table, folding chair, etc.) as well. Introducing Kempas for roofing furniture also is outstanding in the concept of customer based product development in timber business.

6.2.2 Examination on suitability of marketing method for furniture production.

The trustworthiness, superior quality, durability and the reasonable prices of the furniture produced at the SOE synonymously attract the customers towards the products. The tagline “Elegance for your house, comfort your life”, which is used in SOE furniture logo enhance the value of the brand and it emphasises value delivered to the customer. Using the brand “Furniture House” for its furniture showrooms has become more effective in means of attracting customers towards SOE furniture, where

it is displayed in an elegant manner. It is examined that SOE has taken various marketing methods along with all types of advertisements, leaflets and name boards, etc. in order to promote their furniture production.

6.2.3 Study commercial strategy for timber business in State Own Enterprise

Commercial Strategy for timber business in SOE is mainly accompanied with customer satisfaction. The SOE is in the intention of introducing modern products in order to meet the aggressive competition generated in the market due to the registered enterprises as well as the informal enterprises. Producing timber and furniture of all types, which are in superior quality is the main strategy of establishing trustworthiness in the market.

At the same time, modern methods and the technology are used in the production of sawn timber as well as furniture. Visible elements such as name, logo and tagline are used in a distinguishing manner to meet the competitiveness in the market.

6.2.4 Creation of better customer relationship for furniture and timber product markets

SOE develops and provides innovative and outstanding high quality products and services to its customers, based on the policy, “Customer First”.

Various value added services also are provided in order to create a better customer relationship. Free delivery based on the value of the purchased furniture, repair services as well as product fixing, may make the customers feel a culture of great customer service.

6.3 Recommendations for a marketing strategies and customer satisfaction of SOE

State Own Enterprise has its identical and unique feature of manufacturing high quality furniture and timber outputs.

Table 6.1 – Recommendation

	Current situation	Recommendations
Price	Current pricing strategy of SOE furniture is cost based pricing. And with the VAT and NBT (Tax 17%) the selling price of timber products are much higher. And also the cost of production is also high. Finally the prices of the final product are higher.	To adopt competitive pricing strategy and cut down the cost the cost of production though reducing wastage. Finally to reduce the price of the final product and to make the product price more competitive.
Marketing Strategies	Presently SOE have some marketing strategies but those are only in the books and also although SOE have promotions and seasonal offers, those are ineffective.	Go for new marketing strategies that are through going for more advertisement (TV, online,) and etc. and offer more bargaining sale areas for customers. (manufacturing before 10 years item)
Showrooms	From the present 7 showrooms, none of the showroom is positioned in a popularized or in a town area, and also when compared to other furniture sellers and comparing to the capacity of SOE the number of showrooms are less	Increase the number of showrooms and establish those showrooms in cowed places, meanwhile have to change the layout of as to attract more customers.
Quality	Considering the present quality level of timber and timber product the quality standards are higher. Due to that the cost of production and the final price are highly (Especially Ebony product.)	Should give more awareness about quality of the products because of some house hold furniture consumers don't have knowledge on quality

Current situation		Recommendations
Competition	At present SOE faces a huge competition from its competitors that is from all the timber and timber products sellers there is burden for the SOE when carrying out its business practices.	Adopt the policies which the competitors use as their selling methods (after sales services, supporting services) and go for innovative and eye catching products, so as to compete with its rivalries.
Production	There is huge range of furniture products, but most of the products are outdated the design do not match with the present wants customers. When considering production forecasting, presently the SOE follow pre determine sale and carry on the production process.	Should go for new designs and make the furniture products more attractive. And also should add more innovative products for the current product line. Produce cushioned type of furniture. When forecasting the production if the SOE can do a market research it will be more effective.
Sales	The current situation regarding sales made by the SOE is poor, that is the main cause to accumulate a huge stock.	Encourage sales through different methods like allowing discounts, through giving targets for the showrooms and through giving more training for the sales assistance of showrooms. Provide paying facilities including paying facilities through credit cards and aftercare services to improve sales. And introduce E-market for easy purchasing of products.

- The quality of the products is more effective in means of attracting the customers towards the products other than producing them at lower prices, because the modern community is thoroughly concerned with purchasing the best quality products against the money they spend.

- Newest and modern products should be introduced to meet the competition in the market.
- Producing and presenting a variety of products would be more effective, because, the customers and their desires are varied from one person to another, and they may have the opportunity to select the ideal products what they really desire.
- If the customer is not satisfied with displayed designs, it would be more convenient and more effective to have a procedure to get manufactured the desired designs of the customers if any. It is seen that, providing such customer oriented services is more important for a business to remain stable in the market as well as to increase the market share.
- Establish new showroom in Kurunagala, Kandy, Colombo and Batticaloa.
- Promoting SOE furniture in day today market,
 1. Office Furniture catalogue
 2. Household & traditional furniture catalogue
- Sales Promoting Strategies

Introduce sales promotion incentives, it is proposed to offer 1% below 10 million and 2% above 10 million of each single sale as sales incentive to those who canvassed orders including showroom staff.

1. Printed net selling (without Tax) price list with Coad numbers, photos and item descriptions.
 2. Keep all the furniture showroom open till 7.00 pm and during the festive seasons keep them open till 9.00pm
 3. Collaborate with private parties in furniture marketing.
- Quality Improvement Program
 1. Apply 5S methods is stacking sheds and the stacking to meet ISO 9001:2008 Quality Management requirements.
 2. Reorganize the material storage methods according to 5S and ISO 9001:2008 Quality Management requirements.

3. Provide training on continuous basis to carpenters, machine operators and spray technicians including hired carpenters on technological development taking place in the furniture industry.
- Innovative strategies
 1. Conduct market surveys annually to find out customer need and market trends
 2. Create new design – custom based
 3. Provide local and international training for furniture production and marketing staff.
 4. Establish design and testing unit in furniture factories.

6.4 Further Research

- Employee satisfaction and their issues regarding human resource operations.
- Contribution of the modern technology and modern machinery in the production floor.
- Export market share for timber products of SOE.

REFERENCES

- Adu G., Adu., Effah B, Frimpong – Mensah K., N.A (2014). Office Furniture Design – Correlation of Worker and chair Dimensions, *International Journal of Science and Research*, 3(3),710-714
- AhramT., Karwowski W. & Amaba B. (2010). Collaborative Systems engineering and Social –networking approach to design and modelling of smarter products.
- Bednarik, E. (2010) Consumer Behaviour Model on the Furniture Market, online, ssssszzzAvailable: [http:// publication.nyme.hu/109/1/06](http://publication.nyme.hu/109/1/06) bednarik pakai.[21st July aaaaaaa2015]
- Brain D. (1982). *The productivity Prescription. McGraw-Hill,New York*
- Behaviour & Informant Technology*,30(1), 13-26
- Bertola, P. and Teixeira, J.C. (2003) Design as a Knowledge Agent: How Design as a Knowledge Process is Embedded into Organization to Foster Innovation., *Design Studies Journal*, 24(2), 181-194
- Boon-Kwee N. and Thiruchelvam K. (2011), Tecnological Innovaions in Malasia’s wooden furniture industry: Knowledge and linkages, *African Joirnal of Agricultural Research*, 16(6),3654-3659
- Chandra M. & Neelankavil J.P. (2008). Product development and innovation for developing countries: Potential and challenges. *Journal of Management Development*,27, 1017-1025
- Churchman,A., (2002) *Environmental psychology and urban planning where can the twain meet*,(Published PhD thesis) Faculty of Architecture and Town Planning Technion Israel Institute of Technology.

- Dauids. M. (1999). "how to avoid the 10 Biggest in CRM " Journal of business Strategy, November/December Issue.
- Edwards. J. 2007. "get it together with collaborative CRM" . Available at: <http://www.insidecrm.com/feature/collaborative-crm-112907/>
- Foss B. Stone M. Page K.2002. " The Customer Management Scorecard: Managing CRM for profit", Learning and teaching Fellow. Bolton Institute. UK.
- Gartner Group. 2004. Definition of CRM. Available at:[http:// www.12manage.com/methods_customer_relationship_managment.html](http://www.12manage.com/methods_customer_relationship_managment.html)
- Gummerson E. 1999."Qualitative methods in Management Research"; 2nd Ed. Sage Publications.
- Gummerson E.1994. "Marketing Relationship marketing Operational" International Junrnal of Servise Industry Management Bo15.No5.
- Jobber, D. 2004. Principales and practices of marketing. 4th Ed. Berkshire, England: McGraw Hill International. (p.514,797)
- Kotler, P. & Keller K.L 2005 Marketing Management (12th Ed.) Upper Siddle River. New Jersey; Peason Education Inc.
- LIMEHOUSE D.1999. Know your cusomers. Work study. Volume48 (3) (p. 98-102)
- Lowe, D J and Fenn, P 1997:., "Commercial Management and Quantity Surveying." Pretesh Biawas, ISO 9001:2015 Quality Management System (2016)
- Rao.S.Perry.C.2002.Thinking about Relationship Marketing: where are we now. Journal of business and industrial marketing. MGB up Limited

Ruwanpathirana, N.(2011) Timber Utilization in Sri Lanka, paper presented at conference on Developments in Forestry and Environment in Sri Lanka.

Saunders, M.2000.” Research Methods for Business Students” 3rd Edition. Prentice Hall/Financial Times

Shanam,E.(2000)” The Customer relationship management ecosystem”

State Timber Corporation, Annual Reports (2004-2016), State Timber Corporation, Sri Lanka

Tomas Nagel “Pricing as Creative Marketing (1983)

Wilson.R.2006.,”Developing new Business strategies in B@B markets by combining CRM concept and online database” CR. Vol 16.No.1

Yin, K.2008, “Case Study Reasech –Design and Methods”4th Ed. Sage publication USA

Youngs, R.L. (1989) History of timber use in concise encyclopaedia of wood and based material. S.1: pergamon press.

Questionnaire - 01

Top management

1. What are the services rendered through the SOE?
2. How does the market compaction affect SOE?
3. How do you apply SWOT analysis in enhancement of market share
4. What are the actions or steps taken in order to refuse the weakness and threats in the SOWT analysis?
5. How do you apply customer satisfaction for the SOE?
6. How do you determine the quality of timber and timber products?
7. How do you determine the sale price of timber & timber products in SOE?
8. State in manner in which that SOE differs from other timber and timber products suppliers?
9. How would the SOE meet the prevailing competition and the higher demand for furniture in the present market conditions?
10. It is reported through the market analysis that the degree of awareness on the service provide by SOE remains at the lower value? What are steps that would be taken to enhance the market share through improving the awareness of the customer?

Questionnaire – 02

Showroom Managers and Depot Officers

1. How have they got to know about the information on the service provided by SOE?

- | | | | |
|--------------------------|-------------------|--------------------------|-------------------------------|
| <input type="checkbox"/> | Through Promotion | <input type="checkbox"/> | Through a website/ Paper adds |
| <input type="checkbox"/> | Through Person | <input type="checkbox"/> | Other |

2. Are they aware about the service provided through SOE?

- | | | | |
|--------------------------|-----|--------------------------|----|
| <input type="checkbox"/> | Yes | <input type="checkbox"/> | No |
|--------------------------|-----|--------------------------|----|

What are they?

- | | | | |
|--------------------------|----------------------------|--------------------------|------------------------------------|
| <input type="checkbox"/> | Readymade Furniture | <input type="checkbox"/> | Sawn Timber/ Logs |
| <input type="checkbox"/> | Design Furniture | <input type="checkbox"/> | Cempas – Important Timber |
| <input type="checkbox"/> | Timber Texting Certificate | <input type="checkbox"/> | Elephant Poles/ Transmission Poles |

3. In which industry they are employed

- | | | | |
|--------------------------|------------------------|--------------------------|-----------------|
| <input type="checkbox"/> | Government Sector | <input type="checkbox"/> | Privet Sector |
| <input type="checkbox"/> | Semi Government Sector | <input type="checkbox"/> | Businessmen |
| <input type="checkbox"/> | Freelancer | <input type="checkbox"/> | Company Holders |
| <input type="checkbox"/> | Unemployed | <input type="checkbox"/> | Daily payment |

4. Customer's monthly Incoming Level

- | | | | |
|--------------------------|------------------------------|--------------------------|-----------------------------|
| <input type="checkbox"/> | > Rs 25,000/= | <input type="checkbox"/> | Rs 25,000/= > Rs. 50,000.00 |
| <input type="checkbox"/> | Rs 50,000/= > Rs. 100,000.00 | <input type="checkbox"/> | more than Rs. 100,000.00 |

5. Age Group

- | | | | |
|--------------------------|--------------|--------------------------|--------------|
| <input type="checkbox"/> | 25 < 35 year | <input type="checkbox"/> | 35 < 45 year |
| <input type="checkbox"/> | 45 < 50 year | <input type="checkbox"/> | 60 < year |

6. The purpose of buying furniture from SOE

- | | | | |
|--------------------------|----------------|--------------------------|------------------|
| <input type="checkbox"/> | Personal Usage | <input type="checkbox"/> | Dowry |
| <input type="checkbox"/> | As a gift item | <input type="checkbox"/> | Business purpose |

7. Are there adequate logs, sawn timber and furniture in order to fulfill the customer requirement?

Yes
 They can accomplish our product
 No
 They can Order or Design

8. Do you have a variety of design for furniture to facilitate customers with their selections?

Yes
 No
 Yes but very Old Design

9. What is the opinion of the customers about the price of your products?

High Price
 Low Price
 Reasonable Price
 Depend on the Product & Design

10. Are the customers well aware about the custom designs? What is their opinion on the matter?

Yes
 No
 Good Service to provide that

11. Are they satisfied about your services? Do the customers re-arrive to your showrooms for your products?

Yes
 No

	Feature	Satisfaction	Dissatisfaction	Others	Improve
1.	Reputation of the SOE				
2.	Price				
3.	Warranty				
4.	Durability & timber Quality of the Product				
5.	Final Product Quality				
6.	Transportation Facilities				
7.	Government Trust				
8.	New technology and SOE Service				
9.	Aftercare Service are good				

12. Do they inquiries about the quality of the furniture depending on their price? What is their opinion on that?

Yes
May be

No
definitely they bagging

13. What is their opinion about the price of the furniture and the kinds of timber that are used in the production?

Yes
May be

No
Definitely they asking about timber quality

14. What are the issues arias with the furniture item?

Less Quality
Design fault

More Expensive
Defect of the timber

15. What is their opinion about the SOE standards?

Good
Improve

Bad
No idea about that

Questionnaire - 03

SOE customers

Name:

01. Gender

Male

Female

02. Monthly Incoming Level

> Rs 25,000/=

Rs 25,000/= > Rs. 50,000.00

Rs 50,000/= > Rs. 100,000.00

more than Rs. 100,000.00

03. Age Group

25 < 35 year

35 < 45 year

45 < 60 year

60 < years

04. In which industry are you employed?

Government Sector

Privet Sector

Semi Government Sector

Businessmen

Freelancer

Company Holders

Unemployed

Daily payment

05. Do you Know furniture brand call SOE? How do you know?

Yes

No

Through Promotion

Through a website/ Paper adds

Through Person

Other

06. What comes to your mind first when you hear name State Own Enterprise?

Government Place

Good quality wooden product

Others

No idea

07. As you think, what is the competitive advantage SOE has?

- | | | | |
|--------------------------|--------------------------------------|--------------------------|----------|
| <input type="checkbox"/> | Government Trust | <input type="checkbox"/> | Guaranty |
| <input type="checkbox"/> | Best quality timber & timber product | <input type="checkbox"/> | Others |

08. As a public sector organization, do you believe that SOE offer high quality product?

- | | | | | | |
|--------------------------|-----|--------------------------|----|--------------------------|---------|
| <input type="checkbox"/> | Yes | <input type="checkbox"/> | No | <input type="checkbox"/> | No idea |
|--------------------------|-----|--------------------------|----|--------------------------|---------|

09. What do you think about the price SOE charge for their Products?

- | | | | |
|--------------------------|------------------|--------------------------|---------------|
| <input type="checkbox"/> | Expensive | <input type="checkbox"/> | Cheep |
| <input type="checkbox"/> | Depend on Timber | <input type="checkbox"/> | No clear idea |

10. What is your opinion about SOE product quality?

- | | | | |
|--------------------------|-----------------|--------------------------|---------------------|
| <input type="checkbox"/> | Excellent | <input type="checkbox"/> | Good |
| <input type="checkbox"/> | Want to improve | <input type="checkbox"/> | Depend on the price |

11. If we take furniture market, do you think SOE have higher market share among the competitors?

- | | | | |
|--------------------------|--------------------|--------------------------|---------|
| <input type="checkbox"/> | Yes | <input type="checkbox"/> | No |
| <input type="checkbox"/> | Government Support | <input type="checkbox"/> | No idea |

12. What is the main differentiating factor SOE have?

- | | | | |
|--------------------------|------------|--------------------------|-------------|
| <input type="checkbox"/> | Brand Name | <input type="checkbox"/> | Trustworthy |
| <input type="checkbox"/> | Quality | <input type="checkbox"/> | Others |

13. As you think what are the threats SOE have to face in future?

- | | | | |
|--------------------------|----------------------------|--------------------------|------------------------------------|
| <input type="checkbox"/> | Lack of resources - Timber | <input type="checkbox"/> | Custom Design Furniture |
| <input type="checkbox"/> | Private sector | <input type="checkbox"/> | Improve marketing strategic plans. |
| <input type="checkbox"/> | Environmental issues. | | |

14. What do you suggest to improve SOE business?

- | | | | |
|--------------------------|----------------------------------|--------------------------|--------------------------|
| <input type="checkbox"/> | Used new technology and crafting | <input type="checkbox"/> | Manage product portfolio |
| <input type="checkbox"/> | Proper advertising & promoting | <input type="checkbox"/> | Custom Design Furniture |

15. As you think what are the untouched areas of the furniture market by the SOE?

Modern Furniture
 Decorative items

Office furniture
 Export Goods

16. Reason for purchasing SOE product.

	Feature	Satisfaction	Dissatisfaction	Others	Improve
1.	Reputation of the company				
2.	Price				
3.	Quality of the product				
4.	Availability				
5.	Innovativeness with new design				
6.	Warranty				
7.	Transportation is good				
8.	Used new technology (Seasoning and treatment timer)				

17. What do you recommendation to uplift SOE market?

	Recommendation	Good	Bad	Reduce	Improve
1	Final Quality				
2	Price				
3	Comfort and easily used				
4	Modern furniture design Sets (Bedroom sets, living room set)				
5	Simply and easily hold furniture (reduce weight/cleaning)				
6	Transport				
7	After service – warranty				
8	Promotion & advertising				
9	E- Marketing service				
10	Utilization of function				