

Marketing Practices and Problems of Furniture Enterprises in Greater Jakarta Area

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Abstract. *This study aimed to determine the marketing practices and problems of the furniture and handicraft industry in Greater Jakarta Area. This study uses descriptive method of research. Data obtained by using questionnaire and followed by interview to obtain further opinions of the respondents. Relevant tables and matrices were generally presented to interpret and analyse the study. The types of products produced were bedroom furnishings, dining room sets, living room sets, chairs, tables, decors and accessories. Methods of introducing the products to the buyers were through trade fairs or trade mission, distribute brochures and catalogue, by website or instgram. The export destinations were the United states of America, United Kingdom & Ireland, France, Germany, Netherlands, Belgium, Italy, Spain, Japan, Canada, Mexico, and United Emirate Arab. The pricing strategy applied, by (full cost) plus mark-up, by (manufacturing cost) plus mark-up, and some others by (prime cost) plus mark-up. The most effective promotion activities were trade fairs (exhibition), through instgram or website, email correspondence and distribution of product catalogue and brochures. Among the most severe problems encountered by furniture and handicraft industry were: competition from local and foreign producers especially who had more advanced production technology, high interest rate imposed by the bank, unfavorable tax rate, increase of manpower wage rates, price setting and unpredictable demand situation. The entrepreneurs expect specific type of assistance from the government such as subsidy to participate in trade fairs, improved support facilities like manpower training, product design.*

Keywords: *Marketing practices, Marketing problems, Government assistances programs.*

1. INTRODUCTION

1.1. Research Background

Furniture industry has a remarkable propensity to survive, even in the difficult times. In the context of current slowing economic growth, this industry remain steadfast in its role of providing employment and as a source of livelihood for the country's workforce. And in spite of the economic weakness, it is this sector which has been vital to some extend in keeping the wheels of industry going, providing work opportunities for many people, sustaining local demand as well as contributing to exports, and becoming a potent force in the country's economic development programs.

Furniture industry has a significant contribution to the economy in foreign exchanges earnings, providing job opportunities for many peoples. Data recorded by Indonesian Furniture and Handicraft Industry Association showed in the year 2019 the country has earned foreign exchanges US\$.1,767 million from the export of furniture and US\$.824 million from export of handicraft.

Realizing the significant contribution of the industry to the economy, the government created a working relationship with the industry for its development and promoted as a major market dollar earner. The government had classified furniture industry as one of the industry priority for the development.

Furniture manufacturing firms focus their attention to the sastisfaction of the customers. The

marketing manager's essential task of said focus is to combine the different marketing variables into an effective and profitable marketing mix to form part of a cohesive and interrelated whole. The study investigate the marketing practices and strategies and problems encountered by the furniture and handicraft enterprises of the respondent firms.

1.2. Formulation of the Problem

- a. What are the marketing practices and strategy of the furniture and handicraft companies in Greater Jakarta Area?; b. What are the marketing problems beset the furniture and handicraft enterprises in Greater Jakarta Area?; c. What are the marketing problems beset the furniture and handicraft enterprises in Greater Jakarta Area?; d. How does the government assist the furniture and handicraft enterprises in Greater Jakarta Area?

1.3. Research Objectives

- a. To find out the marketing practices and strategy of the furniture and handicraft enterprises in greater Jakarta area; b. To find out the marketing problems beset the furniture and handicraft enterprises in Greater Jakarta Area; c. To find out the marketing problems beset the furniture and handicraft enterprises in Greater Jakarta Area; d. To find out what are the government assistance programs provide for the furniture and handicraft enterprises in Greater Jakarta Area.

2. LITERATURE REVIEW

2.1. Related Literature

The theory propounded by Peter Drucker (1975, p.61) that if one wants to start any business, he must first "find wants and fill them". Marketing as a concept is directed towards achieving sales volumes through customer-orientation merely as an extension of the fundamental fact that a business cannot succeed if it does not fulfil customer needs.

Moreover, Stanton (1978, p.10) emphasized that satisfying the customers is the economic and social justifying for a firm's existence. All company activities must be devoted to find out what the customer wants, and then satisfy these wants, while still make a profit over the longrun.

To identify customers' need and want are not an easy task. It takes times, efforts, and money. Fram (1985, p.19) suggests several ways to identify customers' needs and wants: 1. Direct customer surveys, 2. Projective tests, 3. Focused group discussions and 4. Suggestion system and letter receive from customers, and 5. Perceptual and preference mapping of the current product space to discern new opportunities.

The success of the marketing programs of the firms largely depend on the top executive. Only top management can provide the climate, the discipline, and the leadership required for successful marketing program. The head of the business can develop a mood, an atmosphere, and spirit de corps reflecting the preminence of the customer that permeates every hook and corner of the company. Casino (1979, p.346).

Therefore, the marketing executive should be able to develop marketing strategies and plans that are profitable. Strategic marketing is the process of identifying, analyzing, choosing and exploiting marketing opportunities to fulfil the company's mission and objectives. (Craven 1982, p.82). More specifically, it consists of the following five major steps: 1. Analysing marketing opportunities, 2. Selecting target markets, 3. Formulating the marketing mix strategy, 4. Implementing the marketing strategy and 5. Controlling the marketing process.

Kotler (1986, p. 43) emphasized, Once the company has decided upon its positioning strategy, it is ready to begin the planning details of marketing mix. The marketing mix consists of everything the firm can do to influence the demand for its product. The many possibilities can be collected into four groups of variables known as the "four Ps", (product, price, place, and promotion).

In order to be aware and satisfy customer needs, a company must define the industry's market towards which its marketing efforts are directed and marketing research to recognize the customer's needs. The company must have a marketing organization to implement customer orientation. If this is effective, the company is expected to have an acceptable sales volume.

Related Studies

Okimova (1999) in her study entitled, "Development of Market Orientation And Competitiveness Of Ukrainian Firms" concluded that those companies who had implemented customers orientation has positive correlation with the competitiveness of the company. In the same manner, a research study conducted by Never and Slater (1990) entitled "The effect of A Market Orientation Business With Its Profitability", concluded that market orientation has a

positive effect With its long term profitability. Luke O.C. Ferrel (2000) in his research entitled, "The Effect of A Market Orientation On Product Innovation" concluded that product innovation was affected by several market orientation components such as customers, competitors and inter-function of coordinations.

3. METHODOLOGY

3.1 Research Methods

Descriptive method was employed in this study. Data were obtained by using a questionnaire-checklist for each of the respondents of the study. The researcher made use of the secondary data gathered from books, publications, website and unpublished materials. Some resource materials came from government agencies and private institutions who are authorities on the field. Among the government agencies were the Ministry of Industry, Indonesia Bureau of Statistics, the Industrial Division of the Governor Office of Metropolitan Jakarta. Some related data furnished by the Association of Furniture and Handicraft Industry of Indonesia (HIMKI).

3.1. Population and Sampling Design

The population of this study is the furniture and handicraft entrepreneurs who are located in Greater Jakarta Area. There were 32 respondents of this study who were randomly selected from about 62 furniture and handicraft companies who are located in Greater Jakarta Area. Most of the companies as the member of the Furniture and Handicraft Industry Association of Indonesia (HIMKI), Jakarta Chapter.

3.2. Data Collection Technique

Data collection technique used in this study are as follows: literature study, questionnaire and interview. The questionnaire consists of various aspects such as: business organization of the firms, various aspects on the marketing practices and strategy as regards to product, price, promotion, and place/distribution of the firms, last part contained marketing problems encountered by the company and assistance programs desired from the government. The primary data was undertaken through interview with the respondents firms during mid up to the end of year 2019. Secondary data were gathered from various sources such as books, publications, magazines, website, various data on furniture gathered from related government offices, and from the Furniture and Handicraft Industry Association.

3.3. Data Processing Technique

Data derived from the results of questionnaires and the interviews were assembled and entered into a master tally sheet from where final analysis and interpretations were made. Simple quantitative measures were employed in the study. Percentage was used to compare the proportion of the frequencies of responses to the total number of responses. This was reinforced by ranking to denote the order of importance of an item in the questionnaire. Presentation of data in this study are in tabular form supplemented by textual analysis. This figures computed and their interpretations were based on the problems as presented in chapter 1.

4. RESULTS OF THE RESEARCH AND DISCUSSION

This chapter presents the profile of respondent firms, findings, analysis, and interpretation of the data gathered from the respondents firms. The respondent entrepreneurs rated their marketing practices and strategy, as well as the problems encountered by the companies.

4.1. Marketing Practices of Furniture Enterprises

A marketing oriented enterprise recognize the importance of the product and the marketing program to the needs and wants of its customers in order to achieve company goals. The marketing activities in a furniture enterprise begin long before the goods go into production. Marketing decisions are made regarding the products and its market as well as its pricing and its promotion. Marketing also does not end with a sale. The consumers of a product must be satisfied if a repeat purchase is expected.

4.1.1. Product Assortment

Table 4.1.1 reveals that among those surveyed as to type of product produced, 15 or 18% claimed as living room sets, 17% claimed as dining room sets, bedroom furnishings and chairs were responded by 14 and 13 per cent respectively, tables was responded by 11, and accessories by 8 per cent, and the rest case goods and decors by 5 and 4 per cent respectively.

Table. 4.1.1 Product Assortment*

| No. | Product Assortment | Number | % |
|-----|---------------------|--------|-----|
| 1 | Living room sets | 15 | 18 |
| 2 | Bedroom furnishings | 12 | 14 |
| 3 | Dining room sets | 14 | 17 |
| 4 | Chairs | 11 | 13 |
| 5 | Tables | 9 | 11 |
| 6 | Decors | 3 | 4 |
| 7 | Accessories | 7 | 8 |
| 8 | Case goods. | 4 | 5 |
| 9 | Others | - | - |
| | Total | 84 | 100 |

4.1.2 Product Attributes Desired by Buyers

The product attributes that the furniture entrepreneurs perceived important for the buyers were ranked and Table 4.1.2. depicts the response. Of the 32 firms included in the survey, 21 or 25% revealed that quality of product is a major factor in buying, followed by design 21%, durability 18%, craftsmanship 12% and price 11% while innovation 7%. Functionality 6% was the attribute of the product were least considered by buyers.

Table. 4.1.2. Product Attributes Desired By Buyers*

| No | Product Attributes | Number | % |
|----|--------------------|--------|-----|
| 1 | Quality of product | 21 | 25 |
| 2 | Durability | 15 | 18 |
| 3 | Craftmanship | 10 | 12 |
| 4 | Price | 9 | 11 |
| 5 | Design | 18 | 21 |
| 6 | Lightness | - | - |
| 7 | Functionality | 5 | 6 |
| 8 | Innovativeness | 7 | 7 |
| 9 | Others | - | - |
| | Total | 85 | 100 |

*Multiple Response

4.1.3 Competitiveness of the Products

Table 4.1.3. shows the competitiveness of the products produced by respondent firms lies on the quality of the products with response (34%), good product design by (25%), Ontime delivery schedule to the customer by (17%), and followed by lower price (14%), and better knowledge of the market answered by 14%.

Table 4.1.3. Competitives of the Products*

| No. | Product Competitiveness | Number | % |
|-----|--------------------------------|--------|-----|
| 1 | Fair/competitive Price | 12 | 14 |
| 2 | Product Quality | 29 | 34 |
| 3 | Ontime Delivery Schedule | 14 | 17 |
| 4 | Better Knowledge of the Market | 9 | 10 |
| 5 | Good Design | 21 | 25 |
| 6 | Others | - | - |
| | Total | 85 | 100 |

*Multiple Response

4.1.4 Product Mix Decisions

The respondent furniture firms either made certain improvements on their product mixes or maintained present ratios in response to the requirements of their markets. Of the total respondents, 40% decided to increase the with of their product or product mix. This is understandable since export enterprises are expected to continually increase their product lines to attract demands of foreign markets. With refers to different type of products in terms of design, function, etc. On the other hand, only 5 per cent of the firms choose to reduce the depth of their product or product mix, while 33% of the respondent firms chose to increase the depth of the product mix to stimulate growth in their present markets. This means these managers have less concern about depth of products. Depth means increase in sizes, colours of products.

Table. 4.1.4. Product Mix Decisions

| No. | Product Mix | Number | % |
|-----|--------------------------------|--------|-----|
| 1 | Increase the Depth of products | 11 | 33 |
| 2 | Decrease the Depth of products | 2 | 5 |
| 3 | Maintain the Depth of products | 3 | 10 |
| 4 | Increase the Width of products | 13 | 40 |
| 5 | Decrease the Width of products | 2 | 5 |
| 6 | Maintain the Width of products | 2 | 7 |
| | Total | 32 | 100 |

4.1.5 Export Destinations

The United States of America was pointed out by Indonesian furniture and handycraft entrepreneurs as major export market as revealed by 18% followed by Germany and Netherlands with 11% respectively, Japan and UK & Ireland with 10% respectively, France and Belgium with 7% respectively, Italy and Canada with 6% respectively, Australia 5%, Swizerland and United Emirate Arab with 4% respectively (as shown in Table 4.6.)

Table. 4.1.5. Export Destination*

| No | Countries Destination | Number | % |
|----|--------------------------|--------|-----|
| 1 | U.S.A | 14 | 18 |
| 2 | Netherlands | 9 | 11 |
| 3 | United Kingdom & Ireland | 8 | 10 |
| 4 | Japan | 8 | 10 |
| 5 | Italy | 5 | 6 |
| 6 | France | 6 | 7 |
| 7 | Belgium | 6 | 7 |
| 8 | Germany | 9 | 11 |
| 9 | Canada | 5 | 6 |
| 10 | Mexico | 1 | 1 |
| 8 | Australia | 4 | 5 |
| 9 | Swiss | 3 | 4 |
| 10 | United Emirate Arab | 3 | 4 |
| 11 | Others | - | - |
| | Total | 81 | 100 |

*Multiple Response

4.1.6 Method of Introducing the Products to Market/Buyers

Table 4.1.6. shows the most common method of introducing products to the market is participation in trade fairs (28%), followed by correspondence (15%), through website and instgram (13%), worth of mouth (13%), through buying agent, and distribution of product catalog/brochures with (11%) respectively. Through words of mouth with 10%, and personal visits to the potential customer with 9%. And government agencies especially through commercial attaches (3%).

Table. 4.1.6. Method of Introducing Products to the Buyers*

| No | Activities | Number | % |
|----|--|--------|-----|
| 1 | Participation in Trade Fairs | 20 | 28 |
| 2 | Personal Visit | 6 | 9 |
| 3 | Correspondence | 11 | 15 |
| 4 | Through Buying Agent | 8 | 11 |
| 5 | Distribution of Catalog/brochures | 8 | 11 |
| 6 | Worth of mouth | 7 | 10 |
| 7 | Through website and instgram | 9 | 13 |
| 8 | Through Indonesian Embassy Office assistance | 2 | 3 |
| | Others | - | - |
| 3 | Total | 71 | 100 |

*Multiple Response

4.1.7 Pricing Method

Pricing is one element in the marketing mix that may maximize revenue and profit or work

otherwise. Table 4.1.7. presents the pricing practices of the respondent firms, most of the respondent firms (53%); By (manufacturing cost) plus mark-up method (34%), while 10% by using the prime cost plus mark up practice. These data indicate that mark up pricing is very popular among the furniture firms; its simplicity and easiness make it the popular method.

Table. 4.1.7. Pricing Method

| No | Pricing practices method | Number | % |
|----|---|--------|-----|
| 1 | By (manufacturing cost) plus mark-up | 11 | 34 |
| 2 | By (full cost) plus mark-up | 17 | 53 |
| 3 | By (prime cost) plus mark-up | 3 | 10 |
| 4 | With difference between wholesale and export price | 1 | 3 |
| 5 | W/out difference between wholsale and export price | - | - |
| 6 | W/out differencce between wholesale & retail prices | - | - |
| | Total | 32 | 100 |

4.1.8 Pricing Objectives

Of the 32 firms surveyed, 40% of the firms placed high premium on maximizing profits. The other objectives included increased market share 25%, meeting competition 20% and return on investment 15%. It is logical that said furniture firms aim at maximum profits to attain their objectives.

Table. 4.1.8. Pricing Objective

| No | Objective | Number | % |
|----|-----------------------|--------|-----|
| 1 | Return on Investment | 5 | 15 |
| 2 | Meeting Competition | 6 | 20 |
| 3 | Maximizing Profits | 13 | 40 |
| 4 | Increase Market Share | 8 | 25 |
| | Total | 32 | 100 |

4.1.9 Pricing Strategy

Mark-up pricing (16%), target return pricing (15%), going rate pricing (12%), and promotional pricing as well (12%) are the common pricing strategies implemented by most respondents. Followed by price discrimination and prestige pricing were practiced by responses with 10% response respectively.

Table. 4.1.9. Pricing Strategies*

| No | Pricing Strategies | Number | % |
|----|-----------------------|--------|-----|
| 1 | Mark-up pricing | 23 | 26 |
| 2 | Target Return Pricing | 13 | 15 |
| 3 | Price Discrimination | 9 | 10 |
| 4 | Going rate pricing | 11 | 12 |
| 5 | Prestige Pricing | 9 | 10 |
| 6 | Promotional Pricing | 11 | 12 |
| 7 | Price Lining | 1 | 1 |
| 8 | Cash Discount | 3 | 3 |
| 9 | Quantity Discount | 3 | 3 |
| 10 | Seasonal Discount | 5 | 6 |
| | Total | 88 | 100 |

*Multiple Response

4.1.10 Advertising/Promotion Objectives

The main objective of the furniture firms in promoting their goods is to inform the buyers about the products and to stimulate a demand for them as indicated by 53% responses. Some 29% claimed they simply intend to sustain the interest of the buyers in the product while others 18% have the higher goal of substantially increasing their share of the total market for this product. Advertising is very imperative to attract the interest of buyers, therefore, the furniture businessmen carry out advertising activities in their business.

Table. 4.1.10. Advertising/Promotion Objectives

| No | Promotion Objective | Number | % |
|----|--|--------|-----|
| 1 | To inform the buyer about the product | 17 | 53 |
| 2 | To capture a substantial share of the market | 6 | 18 |
| 3 | To sustain the interest of buyers of the product | 9 | 29 |
| | Total | 32 | 100 |

4.1.11 Advertising/Promotion Practices

The promotion mix employed by the furniture establishments varied depending upon the need of the individual firm and its capability to shoulder the corresponding costs. Generally, a combination of three or more approaches were used by the furniture firms. Participation in trade fair or exhibition 18%, placing of website/instagram 17%, Correspondences or direct email is 16%. Distribution of brochures/catalogues was 13%, followed by placing advertisement and sponsorship of event 9%, calling on importers or buying office, and seeking the assistances of Indonesia Trade Attache abroad with 9% respectively.

Table. 4.1.11. Advertising/Promotion Practices*

| No. | Promotion Practices | Number | % |
|-----|--|--------|-----|
| 1 | Correspondence/direct email | 15 | 16 |
| 2 | Participation in Trade Fairs | 16 | 18 |
| 3 | Placing company's Website/Instagram | 16 | 17 |
| 4 | Through Trade Attache Office | 8 | 9 |
| 6 | Calling Importers' buying in Jakarta | 4 | 4 |
| 7 | Calling on Importers who visit Jakarta | 8 | 9 |
| 8 | Distribution of brochures/catalogues | 12 | 13 |
| 9 | Maintain selling agent abroad | 2 | 2 |
| 10 | Maintain selling office abroad | 3 | 3 |
| 11 | Advertisement and sponsorship of event | 8 | 9 |
| | Total | 78 | 100 |

*Multiple Response

4.1.12 Channel of Distribution

As indicated by the respondents' responses, the most commonly used channel of distribution by the furniture company was foreign wholesaler (32%), followed by foreign broker (27%), trading company in Indonesia (19%), appointed/arrange by the company (13%). Followed by broker in Indonesia (9%), buy (5%), buying office of foreign firm (5%)

Table. 4.1.12. Distribution Channel Used*

| No. | Channel Used | Number | % |
|-----|---|--------|-----|
| 1 | Indonesia-based resident buyer (e.g. buying office of foreign firm) | 4 | 5 |
| 2 | Indonesia-based export buying agent (e.g. broker in Indonesia) | 7 | 9 |
| 3 | Indonesia-based export merchant (e.g. trading company in Indonesia) | 5 | 19 |
| 4 | Indonesia based export agent (e.g. import-export firm in Indonesia) | 5 | 4 |
| 5 | Appointed by the company | 10 | 13 |
| 6 | Foreign sales office abroad (branch of the company) | 2 | 3 |
| 7 | Foreign based agent (e.g. foreign broker) | 12 | 27 |
| 8 | Foreign-based merchant (e.g. foreign wholesaler) | 25 | 32 |
| 9 | Others, pls specify | - | - |
| | Total | 78 | 100 |

*Multiple response

4.1.13 Delivery Deadline Considerations

In any type of business, time is a major consideration. Table 4.1.13 presents its importance. Most of the respondents or 75 per cent claimed they are very strict in delivering on time because meeting deadline is deemed a critical factor in maintaining good relationships with the buyer. Some 5 per cent indicated that they often extend deadlines while 18 per cent replied they seldom extend delivery time. The stress on delivery dates is a good business practice and considering that

they deal with foreign markets its importance. While exporters underscored the need to meet deadlines, sometimes constraints are inevitable in the furniture business.

Table. 4.1.13. Delivery Deadline Considerations

| Industry | Total | % |
|--------------|-------|-----|
| Very Stricts | | |
| Often | 24 | 75 |
| Seldom | - | 2 |
| Extended | | |
| Often | 3 | 5 |
| Seldom | 4 | 18 |
| Grand Total | 32 | 100 |

4.2 MARKETING PROBLEMS ENCOUNTERED

4.2.1 Do You Encountered Marketing Problems

When the respondents were asked if they encountered marketing problems, almost all of them or 91% responded yes, only 9% responded said no. The researcher ventures to say those who responded no, may not have felt the gravity of their problems at the time of survey because during the interview all said they are beset problems.

Table 4.2.1. Responses to Presence of Marketing Problems

| | Total | % |
|-------------|-------|-----|
| Yes | 29 | 91 |
| No | 3 | 9 |
| Grand Total | 32 | 100 |

4.2.2 Nature of Marketing Problems

Table 4.2.2. presents the nature of marketing problems encountered by the furniture firms. The most severe problem is on limited involvement in trade fairs local and abroad (29%), followed by lack of market informations 19%. The other major problems were unpredictable demand situation 17%, inability to adapt product to markets and inadequate distribution channels with 9% respectively, problems of price setting with 7%

Table 4.2.2. Nature of Marketing Problems Encountered*

| No. | Nature of Problem | Total | % |
|-----|---|-------|-----|
| 1.. | Lack of Market Information | 15 | 19 |
| 2. | Inability to adapt product to market needs | 7 | 9 |
| 3 | Inadequate distribution channels | 7 | 9 |
| 4. | Imperior Quality of products | 3 | 4 |
| 5. | Limited involvement in trade fairs (local and abroad) | 23 | 29 |
| 6. | Unpredictable demand situation | 12 | 17 |
| 7. | Problems of price setting/price control | 6 | 7 |
| 8. | Overlapping of marketing functions | 5 | 6 |
| | Grand Total | 78 | 100 |

*Multiple Response

4.2.3 Source of Competition

Competition is one of the most severe problems encountered by businesses and all of the 32 firms surveyed responded to the competition. A revealing fact as regards competition is the fear to the local manufacturers 47% as against 35% who said foreign furniture producers given them stiff competition. The mushrooming of new producers for the locally market is a threat that affect even the export oriented firms.

Table 4.2.3. Source of Competition*

| No. | Source of Competition | Total | % |
|-----|-----------------------|-------|-----|
| 1.. | Imported Items | 4 | 12 |
| 2. | Product Substitutes | 2 | 6 |
| 3. | Local Producers | 15 | 47 |
| 4. | Foreign Producers | 11 | 35 |
| 5 | Others | - | - |
| | Grand Total | 32 | 100 |

*Multiple Respons

4.2.4 *Nature of the Problems*

Because of the importance played by the government, other problems areas were studied. As claimed, high tax rate and high interest rate were the most severe problems claimed by the respondents with responds (41%) and (22%) respectively. Followed by minimum wage compliance (11%), and insufficient distribution channel and insufficient infrastructure facilities by (9%)) and (8%) respectively. Insufficient raw material were felt by (6%) of the respondent company owners. If the furniture and handicraft businessmen have to be helped, said problem areas have to be analysed because while government rules and regulations are basically good, their implementation bring in problems that are counter productive and sometimes detrimental.

Table 4.2.4. Problems Related to the Governement Rules and Regulations*

| No. | Kind of Problems | Total | % |
|-----|--|-------|------|
| 1. | High Taxes rate | 39 | 44 |
| 2. | High interest rate | 19 | 22 |
| 3. | Minimum wage compliance | 11 | 11 |
| 4. | In sufficient of Raw Materials | 5 | 6 |
| 5. | Insufficeint of distribution channel | 7 | 9 |
| 6. | Insufficient infrastructure facilities | 7 | 8 |
| 7. | Others | - | - |
| | Grand Total | 88 | 100% |

*Multiple Response

4.3 GOVERNMENT ASSISTANCE PROGRAM EXPECTED

The government provide various assistance to support to the furniture industry for them to realize their full export potential. Table 4.3. presents the specific type of government assistance facilities expected by furniture entrepreneurs from the government. The firms reported their need for subsidy to participate in trade fairs by (20%), modernization of machinery subsidy (16 %), favourable tax and reduce minimum wage rate by (14%) repectively, than market information (11%), adequate infrastrutur facilities and manpower training facilities for R&D by respectively (9%). Export financing facilities demanded by 7% respondents.

Table 4.3. Government Assistance Expected by the Industry*

| No. | Government Asistances Facilities Required | Total | % |
|-----|---|-------|-----|
| 1 | Market Information | 9 | 11 |
| 2 | Favorable Taxes Rates | 11 | 14 |
| 3. | Trade Fair Subsidy | 16 | 20 |
| 4. | Adequate Infrastructure Facilities | 7 | 9 |
| 5. | Modernization of Machinery subsidy | 13 | 16 |
| 6. | Reduce Minimum Wage Rates | 11 | 14 |
| 7. | Export Financing Facilities | 6 | 7 |
| 8. | Manpower Training Facilities for R&D | 7 | 9 |
| | Grand Total | 80 | 100 |

*Multiple Response

5. CONCLUSIONS AND RECOMMENDATIONS

In the light of the basic findings of the study, the following conclusion and recommendations are hereby forwarded:

Conclusions:

The furniture and handicraft industry has a significant contribution to the country especially along generation of foreign exchange as well as employment generation for many people. The product assortment produced by furniture firms were living room sets, bedroom furnishings, dining room sets, chairs, tables, accessories, decors and case goods. Product attributes desired by the buyers are the quality of the product, good design, durability, craftsmanship and its fair price. Export destination were: USA, UK, Germany, Japan, France, Netherlands, Canada, Italy, Australia, Switzerland, Australia, United Emirate Arab, etc.

Method of introducing products were through participation in trade fairs, through website, instagram, distribution of catalogue & brochures. The pricing strategy applied by the furniture firms surveyed were, employed by (full cost) plus mark-up, by (manufacturing cost) plus mark-up, and some others by (prime cost) plus mark-up. The pricing objective of the firms include increasing market share, return on investment, meeting competition price and target return pricing.

Majority of the respondent firms opted to maintain its market shares and increase in sales as their sales objective. Their product mix decision were to increase the depth of their product mix to continually upgrade their products to rigid demands of foreign markets. The advertising objectives were to inform the buyers about the product, to stimulate demand and maintain the interest of the buyers on the products. The most effective promotion activities were trade fairs (exhibition), through instagram or website, email correspondence and product catalog and brochures.

The marketing problems encountered were limited involvement in trade fairs, lack of market information and difficulty to adopt product to new market trend condition. Other problems were high interest rate imposed by the banks, the increase of minimum wage rates, and insufficient infrastructure facilities. Most of the respondent firms expected from the Government were the subsidy to participate in trade fairs and to buy modern machinery in order to upgrade their product quality.

Recommendations:

Reappraisal of present incentives toward the industry will have to be made by the government in order to improve and strengthen the competitive edges of the furniture industry. The government should help the industry in gathering market information on new product design and technology, trends of market demand. Policies of central government and local government has to complement each other in pushing the exports of furniture and handicraft products. The regulations must be tailored to the specific needs of the furniture industry.

The furniture industry should diversify its markets destination to Asian, African and Middle East countries and improve their data gathering capabilities to gather useful market information from customer or buyers, and even from competitors first hand. Market research and development institute for the furniture and handicraft processing industries should be established and be directed and staffed by qualified personnel whose have indepth of knowledge of the said field.

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