

HOW LOW PRICES ATTRACT CONSUMERS
IN LOCAL FURNITURE INDUSTRY

by

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A Research Proposal in Partial Fulfillment

Of the Requirements of

[.....]

September 9, 2007

Address:

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How low prices attract consumers In a local furniture industry

1. Introduction

It all begins with the first drawings and the creative ideas of all the workers who create and deliver the finished products. We are amazed at the process of how furniture manufactures invent, design, and finally deliver the products and goods the local stores in our neighborhoods. The whole process consists of and is defined by the 4Ps. The 4Ps are Product, Price, Promotion, and Place.

In detail the design, construction, and marketing costs are equally as important as promotion and control profit targets. All issues regarding material quality, warranties, and discounts must be factored in to the cost. This allows the manufacture to calculate a pricing strategy comparable to that of their competitors. Place suggests the channel of distribution. This can be either direct or indirect. Direct distribution would be through following a franchise model and indirect would be following a wholesale model. Promotion communicates the type and quality of the products through advertising, public relations, trade shows and events etc.

IKEA a well-known leader in the furniture industry who has led the way offering unmatched designs and quality products. In a highly competitive industry IKEA was one of the first to offer an affordable customization scheme in which the products are built according to individual customer's preference. Many other furnishing companies have tried this same approach to offer customized products but can not match the quality and price. IKEA stays true to their mission to sell quality furniture products at affordable prices. (IKEA Systems B.V, 2007).

Concerning the competition in furniture business, this paper will elaborate a research proposal that focuses on pricing issues as one critical element in buyers purchase decisions of furnishing products.

2. Research Objectives

1. This paper intends to discuss the general competition in the local furniture business and the process that contributes to the cost to the consumer.

2. Using the non-participant observation method collecting data and analyzing information from journals, books, magazines and online materials. This paper is intended to conduct analysis on factors that influence customers purchase decision of furniture products.
3. In addition, the paper aims to formulate and suggest the appropriate pricing models that attracts customers in furniture industry.

3. Identification of Key Issues

Considering many aspects of marketing that influence an industry, the research statement for this paper will focus on answering “how does a low price attract consumers in a local furniture industry?”

I choose to focus on pricing issue since it could be completely different from others that may focus only on products issues like design or distribution like franchising and joint ventures.

4. Methodology

Observation becomes an important technique for collecting data concerning what occurs in a real-life situation. This method also helps us to reach an understanding about the perceptions of those who are being studied. To be specific we employ non-participant observation methods. Analyzing information from journals, books, magazines and many more sources.

The data retrieval was performed through an indirect approach, which means that the information obtained is secondary in nature. The data used within this study is generated from direct observation performed by a member of the organization which we are about to discuss. This approach is appropriate because a direct observation would provide a more detail and more accurate information about the object of study.

The most important part of conducting an observation is the information it provides researchers with an understanding about the perceptions about things or people we observe. Observation deals with someone’s perception, we plan to avoid preconceptions since it would provide this research with some bias.

In addition, to provide comprehension, I will employ various sources including electronic journals and surceases investigations and books that relate to the topics of

discussion in furniture industry...

5. Time Schedule

Table 1 Time Schedule of Finalization of my Research

No.	Actions	Time Schedule	Note
1	Proposal Finalization	Sept – October 2007	The proposal will have finalization on several aspects including the aims and objective, literature review, recommendation etc.
2	Composition of Literature Review	October 2007– January 2008	Once the proposal is accepted. I will start composing the literature review based on topics accepted in the proposal
3	Data Collection	January 2008 – April 2008	Collecting data from various sources both primary and secondary data
4	Data Analysis	April 2008 – June 2008	Composing data analysis from the findings I obtain in the data collection

5	Formulation of Recommendation to pricing on furniture industry	June 2008 – August 2008	Formulating recommendation based on the previous findings
6	Conclusion	August – September 2008	

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...Reference:

Furnishing Industry Association of Australia. "E-Commerce.". 2004.

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