

Marketing plan of myanmar teak company



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This paper includes the marketing plan of Myanmar Teak Company Ltd furniture products to Singapore country. Firstly, Singapore country's socio cultural and economic analyses are described with using Geert Hofstede five cultural dimensions model. As a result, increasing number of residents in Singapore and Geert-Hofstede cultural indexes teak furniture should be marketed to Singapore. Therefore, Myanmar Teak Company Ltd furniture is marketed to Singapore. Teak furniture benefits and compatibility with the Singapore market are described in three topics, relative advantage, compatibility, and Trialability.

Secondly, Singapore market conditions are described. This market condition includes communication and transportation available in Singapore. Topic of consumer buying habits consist product use patterns of Singaporeans, their product preferences and shopping habits.

Therefore, distribution of the furniture products in Singapore is described and advertising and promotion that can reach to intended market is indentified.

Thirdly, descriptions of competitors' products in Singapore are stated and explained including some brand's prices.

Finally, furniture market industry in Singapore is explained with interesting data and statistics and Singapore Government participation in furniture market industry of Singapore is stated.

Singapore is an island country which is one of the four Asian tiger countries. Singapore is regarded as one of the world's most prosperous countries with

strong international trading links and its per capita GDP is equal to leading nations of Europe (www. cia. gov). According to the (www. singstat. gov. sg), Singapore had the population of 4, 987, 600 people in 2009 and 3, 200, 700 were Singapore citizen. The rest 2 million were other nationalities. These nationalities are Chinese, Indonesians, Indians, Malays, Vietnamese, Myanmar, Laos, Cambodians and so forth. These nationalities settle in Singapore for various purposes. Thus, Singapore is regarded as the multicultural country.

1. 2 Socio-Cultural Analysis of Singapore

According to Geert Hofstede's five cultural dimensions, following cultural dimension indexes are indentified.

Table1. Five cultural dimensions of Singapore

Power distance index

74

Individualism index

20

Masculinity index

48

Uncertainty avoidance index

8

Long-term orientation index

48

Source: adopted from ([www. geert-hofstede. com](http://www.geert-hofstede.com))

Therefore, Singapore is collectivism country due to the individualism index of 20. As it is a high collectivism society, less powerful number of people accepts the unequal power distribution among the family or organization which is common in high collectivism society. Masculinity index of 48 proves both female and males in Singapore have equal opportunity for their lives. The most interesting index is uncertainty avoidance index which is 8. Therefore, Singaporeans are regarded as risk takers who prefer changes and challenges. As for the long term orientation index, Singapore has the index of 48 which is normal, neither long-term nor short-term oriented.

In order to relate, Geert Hofstede five cultural dimension indexes and the impact on marketing, following facts are indentified. Firstly, as power distance index of Singapore is 74 which is high, therefore, marketing luxury items, global brands, high quality and innovative products works in Singapore as in high power distance culture, one social status must be clear to be respected by others (DeMooij & Hofstede, 2010). Marketing products in Singapore should focus on needs of a society, family and group rather than individual due to the individualism index of 20. Moreover, products in Singapore should be continuously innovative, value added and features are to be improved as the uncertainty avoidance is very low, 8 (Yaveroglu & Donthu 2002; Yeniurt & Townsend 2003; Tellis et ai 2003). As Singapore is normal in long/short term orientation index, products can be either long term

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or short term purposes. Similarly, masculinity index of Singapore is 48 that mean balance in values of both masculinity and femininity. From the marketing perspective, products that are marketed to masculine culture should be status products as masculinity refers to achievement, success and recognition.

1.3 Economic Analysis

Economy of Singapore depends heavily on exports, which are consumer electronics and information technology products. Singapore practised successful free market economy with corruption free environment. Per-capita GDP of Singapore is equivalent to that of four largest West-European countries (www.nationmaster.com). GDP per capita of Singapore in 2009 was approximately 50,300 USD. In 2008 and 2007, it was 52,200 USD and 52,300 USD respectively according to CIA world facts book. Based on the World Bank's doing business 2010 and 2009 report, Singapore is ranked #1 in ease of doing business. Moreover, Singapore is also ranked #1 in employing workers and trading across borders. As for the closing business Singapore is ranked #2. As for the low corruption rate, Singapore is ranked #1 in Asia and #4 in the world.

In order to increase the growth of Singapore's economy, government decided to create the two integrated resorts with casino licenses. Marina Bay Sands was awarded the first license which is a more business focused integrated resort. Second license was awarded to Resorts world at Sentosa, a family oriented integrated resort. These integrated resorts are expected to produce 35,000 jobs. The Singapore government attracts large scale of foreign investment by enforcing two policies which are pro-foreign

investment and export-oriented. According to economywatch. com, United States is the leading investor in Singapore. There are a number of factors influences the economic development of Singapore. The main reason is due to the increasing demand of electronic products around the world which benefits the Singapore as it is the major producer of electronic goods. Other industries contributed in economic growth of Singapore are pharmaceuticals, financial services and manufacturing.

2. Product

According to socio-cultural analysis using by Geert Hofstede five cultural dimension model, furniture products made of teak are decided to market Singapore. These products are manufactured by Myanmar Teak Company limited using precious teaks from Myanmar. Most of the furniture in Singapore is made of leathers, fibre, iron, plastics, recycled woods and so forth. Although there is some furniture made from wood, it is very difficult to find furniture made of teak.

2. 1 Relative Advantage

Furniture made from teak is usually expensive and regarded as luxury furniture because teaks are expensive as it takes decades to get teak trees and its advantages. Furniture made from teak is durable, strong, and resistant to moisture, fire, acid and alkalis. Moreover, it is highly resistant from rotting, sun, rain, frost or snow. Once it is bought, it can be used for many decades.

Furniture made of teak is easy to clean from spilled drinks and food while others are hard to remove the stains. Although the natural colour of the teak

is golden brown, it can be changed to reddish brown or dark brown.

Therefore, the colour of the teak is easy to alter and colour will sustain for a long time. Another advantage of teak is producing natural oils that prevent termites and wood damaging insects. This natural oil maintains the solidness of the wood, life span and strength which therefore unnecessary for the user to apply chemicals. Resistant to weathers, rotting and wood damaging insects make teak furniture to be ageless. Teak is easy to shape and craft.

2. 2 Compatibility

Teak furniture is compatible for Singapore, according to high power distance index (74) of Hofstede. Having teak furniture show the high status and wealth of that person comparing to other furniture made of fibre, plastic, and recycled woods. In Singapore, decorating home with arts, sculptures, furniture, lighting and latest electronic products are found in house of wealthy people. Teak furniture is mainly used in International hotels, high-class restaurants, and furniture of international companies especially for meeting tables. International hotels and high-class restaurants have furniture made of teak because westerners and Europeans value teak furniture and handicraft products.

2. 3 Trialability

Furniture showrooms in Singapore allow customers to try before purchase. For example, customer can sit on the couch or sofa to test the comfort of the products. In Singapore, furniture showrooms are decorated with its product. Decorating furniture show rooms with its products enable customers to test the product, understand the convenience of the product, and get the idea how products can be designed in particular location. For example, in IKEA all

furniture is shown to try and test before the purchase. Customers are allowed to use the tables, sit on chairs and sofa and lie on bed.

3. The Market

3. 1 Geographical Region

Singapore is located at the South East Asia which is surrounded by Malaysia and Indonesia. Singapore is also known as an island Nation which is 3. 5 times size of the Washington DC according to nationmaster. com. It has total area of 692. 7 km that had a population of 4, 987, 600 people in 2009.

Singapore has smaller islands which are Jurong, Pulau Tekong, Pulau Ubin, and Sentosa. Among them, Sentosa is the largest one. Highest point of Singapore is Bukit Timah which is 166m above sea level whereas the lowest point is Singapore Strait 0m which is a major shipping route of South East Asia. In Singapore, climate is hot, tropical, humid and rainy. There are two distinct monsoon seasons which are North-eastern monsoon starting from December to March and South-western monsoon takes June to September.

3. 2 Transportation

Public transportation is the major source of transportation heavily used by people for daily purposes. Public transportation includes MRT, LRT, and Buses. SMRT Corporation Ltd (SMRT) is Singapore's multi-modal transport service provider offering integrated island-wide transport services including trains, buses, and taxis. SBS transit started its operation in 2003 which is North East Line, a highly advanced fully automated new underground heavy rail system. This NEL had a daily user of 325, 433 in 2009 which is 20 kilometers long and include 16 stations from punggol to Harborfront.

According to data of Civil Aviation Authority of Singapore and Changi Airport Group Pte Ltd, number of aircraft arrivals and departures were 120, 184 and 120176 respectively for both passengers and parcel/mail. Aircraft is major transportation for arriving and departing Singapore, according to data of passenger arrival/departure by using aircraft. In year 2009, passenger data of arrival and departure was recorded as 18, 026, 000 passengers' arrival and 18, 063, 000 departures. As for the parcel/mail incoming and outgoing by aircraft in 2009 were 12113 and 14945 tonnes.

By looking at the Data of Maritime and Port Authority of Singapore, ships are the major source of transporting cargos and containers. According to data, in 2009, 130575 vessels arrived in Singapore by shipping 1784669(000) giga tonne. Air cargos were mainly used by North East Asian Countries due to discharged tonnes of 377, 184 in year 2009. These North East Asian Countries include China, Hong Kong, Republic of Korea and Taiwan. Total air cargo discharged tonnes by various countries and regions in 2009 were 846, 671.

Table1. Describes the number of population using vehicles in 2007-2009

Table. 1 the number population used of vehicles in year 2007, 2008 and 2009 were as follows

2007

2008

2009

Car

505, 987

540, 455

566, 608

Rental Cars

11, 054

12, 391

12, 763

Taxis

24, 446

24, 300

24, 702

Buses

14, 530

15, 327

16, 023

Motor Cycles & Scooter

144, 340

146, 120

147, 215

Goods & Other Vehicles

150, 979

156, 089

158, 207

Total

851, 336

894, 682

925, 518

Source: Adopted from Land transport Authority

3. 3 Communication

There were 1. 857 million fixed telephone users in 2008 whereas 6. 375 million users were mobile cellular users. Presently, there are three communication service providers that are SingTel, Star hub and M1. 3G wireless service was launched in February 2005. As for the internet service, most of the people use broad band internet service provided by three internet service providers. According to data of Infocomm Development Authority of Singapore, Media Development Authority and Singapore Post <https://assignbuster.com/marketing-plan-of-myanmar-teak-company/>

which were collected at April 2010, there were 2046. 7(' 000) of broadband internet users including xDSL, cable modems, leased line internet and other broadband internet access methods. Dial-up internet users were only 75. 1(' 000) users. As for the mobile phone users for both 3G and 2G, there were 6920. 2(' 000) users while the fixed mobile users were unknown. There is Sing post postal service which delivers mails and parcels to most of the countries around the world.

4. Consumer Buying Habits

4. 1 Product use pattern

In Singapore, furniture is one of the essential products for buildings. People use furniture for daily purposes. Furniture is essentially indeed products in Singapore due to the increasing number of residents, international students, employees from around the world, Singapore requires more housings, schools and universities, hotels and restaurants. Therefore, furniture is required for those housings, universities, schools, hotels and restaurants. In Singapore, 76. 8% are Chinese according to nationmaster. com. Chinese usually value arts and handicraft. Moreover, Chinese buy new furniture for their houses after Chinese new-year because Chinese belief that if they can buy new products in this New Year and they believe that they will enable to buy in next New Year.

4. 2 Product preference

In general, Singapore prefers light, small and cheap furniture because most of the Singaporean lives in condominium and flats. As for the restaurants and international hotels, teak furniture is preferred most, in order to show their status and position. Tastes and preferences can vary among customers.

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4. 3 Shopping Habits

According to the study of (Neilson, 2009) Singapore had changed shopping habits due to current financial crisis. This study shows that 70 percent of the consumer spent only on essential products. However, latest Nielsen Global consumer index shows that Global consumer index of Singapore in second quarter of 2010 increased to index of 112 that is nearly as 114 in third-quarter of 2007. Therefore, percentage of consumers who believed that Singapore was in recession had declined from 28 percent to 17 percent in Q2 2010. According to the survey conducted in 2006 to 22, 000 internet users in 42 markets, it was revealed that 74% of consumers admitted that shopping as form of entertainment. Similarly, in Singapore shopping was considered as a form of entertainment due to nine out of 10 respondents' replies. 7% of Singaporean went shopping twice a week or more often although others went shopping with lesser extent. 22% of Singaporeans did it weekly while 32 percent shopped once a month. 29% shopped more than once a month and 10 percent never shopped.

Moreover, Singapore was the only Asian country which made it through to the global top 10 which agreed with the therapeutic effect of clothes shopping. According to the data, following pie chart is identified.

Source: adopted form [www. acnielsen. com. sg/news/20060719. shtml](http://www.acnielsen.com.sg/news/20060719.shtml)

5. Distribution of the product

In Singapore, furniture can be bought from either from retailers or manufacturers. Some Furniture manufacturers place products both on retail shop while others sell by own showrooms. Furthermore, there are countless

of small furniture shops and showrooms in Singapore. The largest furniture retail store in Singapore is IKEA which is followed by Courts.

6. Advertising and promotion

As for the advertising, if it is to reach international hotels and restaurants, sending product catalog is the best way to get attention. Advertising on television by targeting on restaurants and international hotel is also considered effective way of advertising. In advertising on television by showing elegant and modernized teak furniture can attract the attention of high-class customer.

Similarly, as for the advertising high class society, same media can be used to attract customers. Direct marketing can be also used to for both high-class society and hotels and restaurants. Moreover, participating in furniture shows held by Singapore Furniture Industry Council will also draw the attention of respective customer. According to (Russell, 2006) Singapore market drew 17, 838 visitors from 112 countries which was the largest ever.

Additionally, according to the press release of international furniture fair Singapore, the fair held in March 2010 attracted the 17, 277 visitors from 112 countries. This fair was held for 4days from 9 to 12 March 2010.

In Singapore, furniture is discounted by percentage in some seasons. Sales discount depends on furniture. Some furniture may be discounted 20% while others are discounted 10% only.

7. Compare and contrast with competitor's products

7.1 competitor's products

Mozaic is a Singapore brand that is integrated by successful Singapore furniture companies which satisfy the needs and wants of customers by providing specially crafted products. Combination of West and East business practices, designs, availability of resources, Singapore Mozaic fulfils the satisfaction of customer around the world.

Wholesale Teak Company manufactures furniture with highest quality.

Wholesale teak company furniture includes teak furniture, resort furniture and antique furniture of Chinese, Tibetan, Mongolian, classic French, classic English, Italy sofa and Italy furniture. Wholesale Teak Company have achieved the following reputations, the best whole sale teak furniture, antique furniture, classic furniture, Italy sofa and Italy furniture specialist.

As for the promotion, free delivery service is provided for big furniture during whole sales teak furniture sales event. Prices are offered with wholesale price to public to let everyone have the teak dining room, teak bedroom and latest teak living room.

IKEA in Singapore is considered as one of the mass furniture retailers, although it sells both home furnishing and other house goods. Products of IKEA are cheap and reasonable due to the IKEA aim of affordable price with unique design. Moreover, products package of IKEA are flat which offers ease in transportation and carrying. It allows customers to assemble the product at home.

IKEA operates its own show room and sells at two places in Singapore, IKEA Tampines and IKEA Alexandra. IKEA tampines store consist of 4 floors with products. Price of IKEA Singapore one EKTORP three-seat sofa cost 499SGD according to IKEA catalogue 2010.

The advertising methods of IKEA Singapore include IKEA 2010 catalogue with colourful pictures of furniture, product details and prices which is downloadable on IKEA website. Moreover, catalogues and brochures are distributed to customers' houses. IKEA also uses TV commercial to advertise the products. Customers can also use iplannit IKEA home planner software to design dream home of theirs.

8. Market size

8.1 Furniture industry sales

According to (Huang, 2010) report, furniture export sales of S\$4. 7b at 2009 was less than previous year 2008. Moreover, executive director of Admira, Jake Tan said that more and more cheap products were coming from China and selling with cheap price which was killing furniture market. He explained furniture products needed to be more unique on design that our customer wanted instead of pricing. Industry players in Singapore furniture market mentioned that Singapore furniture market could growth by emphasizing on design, branding, and collaborations with partners from overseas. 2008's furniture export was worth S\$4. 9 billion.

In 2001, furniture industry of Singapore had approximately 1600 companies and 12, 000 labors. These companies consisted of wholesalers, retailers, and

manufacturers of furniture. This industry generated sales of US\$ 2 billion in 2001 and producing units close to \$1 billion.

9. Government participation

In Singapore, Singapore Furniture Industry Council (SFIC) held furniture show which drew 17, 838 visitors from 112 countries in year 2006. SFIC integrated successful local furniture companies and created the new brand called Mozaic which is making difference for furniture industry of Singapore.

Moreover, a Singapore Furniture industry award 2010 is designed to attract more contributions to industry from individuals, companies and enterprises.

Moreover, free trade agreement (FTA) of Singapore with many countries helps the furniture market to be prospected. Now Singapore network of FTA cover 18 regional and 24 trading partners, according to fta.gov.sg.

FTA helps Singapore based company and industry to benefit from eliminating or reducing import tariff rates, providing preferential access to services sectors, easing investment rules, improving intellectual property regulations, and opening government procurement opportunities.

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MANAGEMENT DEVELOPMENT INSTITUTE OF SINGAPORE (MDIS) &

EDITH COWAN UNIVERSITY

MASTER OF BUSINESS ADMINISTRATION (INTERNATIONAL)

MKT 5708: International Marketing V

Marketing PLAN

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Contents

EXECUTIVE SUMMARY

After assessing potential of Singapore furniture market, Myanmar Teak Company decided to export their product to Singapore. They know that, importing furniture into Singapore is not easy. It is because Singapore has some competitors such as IKEA, and... They are strong companies have many experiences in Singaporean market, as well as their brand names have already known by customers. However, Myanmar Teak Company's products are differentiated. They are made from teak - a rare and precious natural wood from Myanmar. The teak furniture gives users a lot of valuable

characteristics. Myanmar Teak Company believes that, they can success with an accurate plan. This project provided the marketing plan with marketing objectives, marketing mix decisions, distribution, price determination, and other useful information which help firm to facilitate their international marketing plan. Pro forma financial statements and budget and resource requirements were also given in this project.

THE MARKETING PLAN

Marketing objectives

Myanmar Teak Company Ltd furniture products are aimed to satisfy the needs and want of high social status society as Teak furniture is basically expensive and reflect high status. Moreover, teak furniture is considered as luxury items because teak takes decade to be fully grown and teak furniture can be sustain for a long time without faint in color. Consequently, specific targets are identified for marketing teak furniture. These targets consist of international hotels, high-class restaurant, and high social status persons and wealthy people. Brand is positioned as the luxury brand to differentiate itself from other brands and target specifically to high status persons and international hotels.

As for the sales and profit expectation for year 2010, high sales and profits are not expected because present is already in Q3 of 2010. In Q3 and Q4 of 2010, only product introduction and awareness of the respective customers are expected. However, in year 2015, it is expected to gain 25 percent of the market share in target market.

Product adaptation or modification

Core component

Myanmar Teak Company Ltd. furniture product designs are classy, stylish and modernized. Elegant designs of this furniture are to reveal the high status. Moreover, furniture of Myanmar Teak Company Ltd. stands out among others due to classy design and color of the teak. Teak furniture is mostly valued by Europeans and westerns therefore it is suitable for international hotels and restaurants. More benefits of teak furniture can be achieved by using Myanmar Teak Company Ltd. products. It prevents the user from polishing and applying chemicals to avoid form discoloration. It can be sustain for decades as it is resistant to weather, moisture, heat and sudden changes of temperature which result the user to save cost of buying new furniture frequently. Natural oil from teak prevents from wood damaging insects and termites. At last, it is easy to clean and strong.

As for the supporting service, Myanmar Teak Company Ltd. provides free delivery service to Singapore Island wide. Not only customer can choose from the catalogue and brochure but also able to order custom made designs. Myanmar designers are always ready to serve and consult with customers to meet their demands.

Packaging component

Myanmar Teak Company's products are separated and packed carefully. It makes their products are well protected, easy to carry and transport oversea. However, manufacturing aims to remain the strong characteristic of teak furniture. Assembling is also a concern of Myanmar Teak Company.

Firm provides relevant directions in product packages in order to make it easy and familiar with users.

Support services component

In Singapore, transportation and shipment fee are expensive. Therefore many furniture companies do not provide free transportation or merely give when customer purchases more than few hundred dollars. It forces customer have to pay about 50S\$ for shipping fee. Sometimes, it makes some inconveniences for customers. Therefore, when customer purchases a big product such as wardrobe, bed, long table, couches, and bookshelf, firm can provide free transporting, setting and decorating services to attract customers. Recalling characteristic of teak furniture is luxurious and expensive. Therefore, spend a small proportion on shipping is a rational solution to attract customers.

Firm also provides services such as annually checking, repairing, repainting, and consulting to attract customers.

Promotion mix

Advertising

Objectives

Myanmar's natural wood furniture is well known about its properties in Myanmar. However, Singapore is a brand new market and many customers do not know about these products. The major goal of advertising campaign is achieving customer awareness.

Firm uses advertising to create a relationship and communicate with the customer promptly and effectively as needed (Tellis 2004).

Moreover, advertising can help the company to increase their competitive advantages by informing the advantages and value of their natural furniture, in comparison with other furniture.

Media mix

In order to join the furniture market as well as inform new products and company's brand name, Myanmar Teak Company should introduce an advertising campaign. However, it is because teak furniture is a luxurious and expensive product. The targeted customers are rich people. They hold a small proportion in the whole population. Therefore, the advertising campaign does not need to be so big and wasted a lot of money.

Firm can advertise its product on some Singaporean sub technical magazines such as Home Décor, BluPrint, and Singapore Architect.

Message

As mentioned earlier, teak furniture is a high class. It is expensive and has a lot of valuable characteristics. Therefore the message needs to inform that information. The message can be ' Beyond comfortable' or ' Feel the nature'.

Costs

The cost of this campaign is not too much. Firm needs to spend around 10000 S\$ for some magazines to write articles about its products.

Sales promotions

Objectives

The objective of sales promotion is attempting to gain attention, stimulate interest and motivate customers or intermediaries for a company and its products (Muhlbacher et al 2006). Sale promotions that provide information are very important in the company's situation. It can attract potential customers' attention when they introduce their new products into Singaporean market.

Besides, firm can provide sales promotion in order to get the expected sales in 2010.

Premiums

Firm can provide some discount for customers who buy many products.

Premiums aim to encourage repeat purchase. The premiums should make the customer feel really important and differentiated. It will encourage them buy more and become a member.

Price offs

Firm can provide some discount campaign in the first few weeks to encourage purchase. Natural wood furniture is very expensive and it makes customers face a difficulty in choosing Myanmar Teak Company's products. Providing price offs can encourage purchase and it is also a way to attract the attention of customer.

Costs

The costs of promotions sale is not easy to calculate. It is up to the company policy. For example, Myanmar Teak Company is monopolistic competition in <https://assignbuster.com/marketing-plan-of-myanmar-teak-company/>

Singapore furniture market and they are price maker. As the product is brand new and company never offer it in Singapore. If Myanmar Teak Company charges a higher price (4000S\$) than the real price (3000S\$) of their product (included tax, transportation fee, cost of warehouse and other opportunity costs), after that they give a promotion with a price which is exactly the same with the price they should be charged, say 3000S\$ for a bed. They have a 25 per cent off promotion. It sounds very attractive. When they can sell their products, they still have the profit and do not have to pay any fee for this promotion. However, this method can cause the price of the products after promotion campaign will be very high and it will be very hard to sell. Firm also cannot offer promotions continuously, it makes customers suspect about the quality of goods and its real prices. As a result, the brand name can be damaged.

Therefore, in this project, an assumption that, firm spends about 10000S\$ for promotion campaign.