



**“Marketing Strategy of Furniture Industry in Bangladesh:
A Study on Otobi Limited”**

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Letter of Transmittal

Date: January 15, 2019

To

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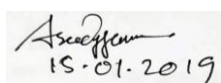
Subject: Submission of thesis on “Marketing Strategy of Furniture Industry in Bangladesh: A Study on Otobi Limited”

Dear Sir,

It is my great pleasure to submit you my internship report on “**Marketing Strategy of Furniture Industry in Bangladesh: A Study on Otobi Limited**” A case study on different furniture company of Bangladesh. I have tried my level best to complete this report properly following the guideline provided by you and concerned organization.

I have confidence the internship report program has increased both my physical experience and theoretical knowledge to a great extent. It will be obliged to answer any query that may arise during the evaluation of this report. So, I am fervently requesting and hope that you would be kind enough to accept my report and oblige thereby.

Sincerely yours,



A.K.M. Asaduzzaman

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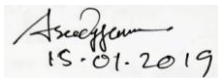
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Declaration

I, A.K.M. Asaduzzaman, hereby declare that the thesis “**Marketing Strategy of Furniture Industry in Bangladesh: Special Focus on Otobi Limited**” has been authentically prepared by me. While preparing this report, I did not breach any copyright intentionally.

I would like to confirm that the report is prepared very attentively for academic purpose.



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Approval of Supervisor

This is to certify that **A.K.M. Asaduzzaman**, ID: 052-11-882, major in Marketing is a regular student of Bachelor of Business Administration under the Department of Business Administration, Daffodil International University. He has successfully completed his internship report. He has prepared his internship report under my supervision. His assigned internship report is “**Marketing Strategy of Furniture Industry in Bangladesh: Special Focus on Otobi Limited**”.

He is permitted to submit the internship report for presentation.

I wish his every success in life.



Gouranga Chandra Debnath

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Acknowledgement

In the process of preparing this report I received genuine cooperation from number of individuals whose names are not possible to mention in this report but I would remember them with my heartfelt appreciation and gratitude.

First of all, I am very much grateful to God who gives me blessings, courage and ability to prepare this report. I have the deepest gratitude to my respected thesis supervisor **Gouranga Chandra Debnath**, Assistant Professor & Head, Department of Business Administration, Daffodil International University for guiding me to complete my report.

During this period I have got huge support from the employees of those concerned organization. I would like to thanks Mr. Naimul Nahid, Retail Manager, OTOBI Ltd, Mr. Ahsan Habib Raihan, Sr. Manager, HATIL, Mr. Sakil Ahmed, Manager, Partex Furniture Limmited, Mr. Motiur Rahman, Manager , NADIA Furniture, Mr. Liton Baidya, Manager, Unilion Furniture, Mr. Masud Parsvez, Branch Manager, Akhter Furniture Ltd. for their cooperation to me.

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Executive Summary

Providing a clear scenario of marketing strategy of Furniture industry in Bangladesh is critical. Bangladesh has a long established furniture industry which produces huge number of furniture from a ready supply of raw materials. The country is therefore an established and attractive location to source and outsource the manufacture of furniture products. The furniture industry is ideally suited to Bangladesh with its abundance of labor and natural resources at internationally competitive rates.

This report will only cover a small percentage of what furniture industry of Bangladesh really is and the marketing strategy of furniture industry in Bangladesh. Furniture is an old manufacturing sub-sector in Bangladesh with a long heritage. Availability of indigenous raw material facilitated the setting up of the industry in early 1990s. The Government of Bangladesh has identified the furniture sector as one with considerable growth and investment potential.

So, after completing the research we can say that - furniture industry plays an important role in Bangladeshi Economy due to its large potential for employment, growth and export.

Acronyms

APPLICANT: Grant Applicant for SCGS

BDT: Bangladesh Taka

BDS: Business Development Service

BFIOA: Bangladesh Furniture Industries Owners' Association, the central BIO of the sector.

BFEA: Bangladesh Furniture Exporters' Association, the BIO for large manufacturers capable in exporting

BFIDE: Bangladesh Furniture & Interior Décor Expo

BIO: Business Intermediary Organization CLUSTER

BIO: Main BIO Committee for a specific region

DITF: Dhaka International Trade Fairs

DTC: Centre for Design & Technology Ltd.

EU: European Union

EPB: Export Promotion Bureau

GIZ: German Technical Cooperation (Development Organization) GSP: Generalized System of Preferences

LDC: Least Developed Countries

MoI: Ministry of Industries

NBR: National Board of Revenue PARTNER: Proposed partner of the Grant Applicant

RMG: Ready Made Garments SCGS:

SME Competitiveness Grant Scheme

SMEs: Small and Medium Enterprises

SMEF: SME Foundation

SWOT: Strengths, Weaknesses, Opportunities & Threats

VCA: Value Chain Analysis

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Chapter 1: Introduction

1.1 Introduction:



Traditionally furniture in Bangladesh developed as cottage based industry. It is in early 90's when the furniture industry in Bangladesh transformed from cottage based industry to mechanized mass production oriented industries. Since then furniture businesses began to grow with modern machinery, innovative designs and use of diverse materials. The main varieties of furniture are produced from wood, processed wood, melamine board, Medium Density Fiber Board (MDF), particleboard, steel etc. At present Bangladesh is producing wide variety of international standard and quality furniture. People in Bangladesh are now going to choose local furniture instead of foreign furniture. The export of furniture and allied products from Bangladesh has started from 1995. Furniture is a labor intensive sector and Bangladesh has a large low cost manpower which is a vital factor in becoming competitive in the world market. So, there is good potential for export of furniture and Bangladesh's furniture industries are ready for that. It is estimated that, by 2018 Bangladesh will earn export potential of crafts furniture accessories worth of USD 10 million along with furniture worth USD 40 million. At present two relevant associations i.e., Bangladesh Furniture Export Association and Bangladesh Furniture Industries Owners Association (BFIOA) are actively working on materializing the potential of this sector.

At present about 41,560 enterprises and nearly two lakh skilled and semi-skilled people are engaged in this sector. On average 60% of raw materials of furniture sector are imported from different countries. Of those, timber, wood coating materials, hardware & accessories, world class fabrics etc., are major importable items. This sector has some mentionable problems

such as high import duties of some raw materials like good fabrics, finishing/coating materials, hardware & accessories, shortage of electricity/gas etc. Scarcity of skilled manpower in handling modern equipment and machinery is limiting the prospect of growth of this Industry, which can be addressed through setting up more Technical Schools with a curriculum of short-term trade courses, where along with government initiatives private sectors should also come forward.

1.2 Background of the study:

Furniture is one of the most rapidly growing sectors of Bangladesh. In last 15 years, the furniture sector in Bangladesh has rapidly shifted and graduated from a cottage based to a manufacturing industry. Furniture sector is in a transition phase, changing from customized to ready to order manufacturing. The industry is also shifting its focus from dependency on teak for raw materials to other varieties of processed wood. The country has successfully exported furniture to Japan, USA, England, France, Taiwan, Singapore etc and has received repeated orders. Moreover, in an “Export Readiness” study conducted by international experts of consultancy firm CSIL (Center for Industrial Study) revealed that Bangladesh has a strong potential in linking home décor craft as a furniture accessories worth USD 10 million along with furniture worth 40 million.

Bangladesh’s share in the global wooden furniture market is quite insignificant, despite the fact that the people of the country have a long history of carving wood. But the scenario started changing rapidly since the mid-Nineties, when the country began furniture exports. Bangladesh exported furniture worth USD 31.41 million in fiscal 2015-16, up 15.73 per cent from the previous year. Sources said the demand for furniture from Bangladesh has been rising in the international markets, especially in the US and the EU.

Exports of wooden furniture from Bangladesh has jumped by 253 per cent during the last five years, rising from a modest USD 8.89 million during 2015-16 to USD 31.41 million in the last fiscal (2015-16). This phenomenal rise in furniture exports is being attributed to the effective marketing drive by the country’s exporters in recent years.

Though the value of furniture exports is rather nominal, but a beginning has been made, and with an aggressive marketing strategy, the value of exports can be increased further in a short span, said an official of the ministry involved.

The total world trade in furniture is estimated at USD 130 billion, with the US being the leading importer while China is the major exporter. Bangladesh’s share in the total world

market is quite negligible. “But the country can grab at least 10 per cent of the global demand for furniture if we can provide proper policy support.

Industry sources said the soft furniture exporters in Bangladesh are experiencing steady growth in sales to Japan, the EU and the US. As China, the Philippines and Vietnam are shifting to more industrialized methods of production, it has created huge opportunities for Bangladesh. The labour cost, which is comparatively low, is an added advantage for Bangladesh.

But the country has failed to reap the benefits as there is a dearth of educated, certified and professionally trained workers, the sources added. The shortage of manpower skilled in handling modern equipment and machinery is limiting the growth prospects of this industry, which should be addressed by setting up more technical schools with a curriculum of short-term trade courses, for which, along with government initiatives, the private sector should also come forward. Exporters are also suffering from multifarious problems while local manufacturers are facing challenges resulting from furniture imports. Imported foreign furniture, especially from China, Korea, Thailand and Malaysia, has hit the local industry and sales of locally manufactured household furniture have gone down.

At the same time, the high cost of the furniture business threatens the sector as a whole. The prices of all raw materials used in making furniture, including chipboard, timber, foam, polish, chemicals, colour paints and hardware, have increased. Despite its huge potential, Bangladesh faces a difficult challenge from other manufacturing countries as the industry was fully dependent on imported raw materials. “The export earnings from the furniture industry would witness a significant growth spurt if the government provides proper policy support, such as by reducing duty on raw materials and giving cash incentives.

“Cash incentives on exports and low import duties on raw materials for the furniture sector would help bring in remarkable export earnings through diversification of products and markets. This would boost the country’s economy.

“Furniture exports have already added a new dimension to our export basket, imparting a new thrust to furniture-making in the country for the global market.

“The country has a lot of potential and can increase furniture exports because it has cost competitiveness. China’s labour costs are gradually increasing, which has already created a vacuum in the furniture manufacturing sector. The country’s furniture exporters can easily fill this vacuum.

In Bangladesh, wooden furniture is manufactured by a large number of cottage industries, spread over villages, small towns and cities. Traditionally, furniture has developed as a cottage industry in Bangladesh. In the early Nineties, the furniture industry in Bangladesh was transformed from a cottage industry to a mechanized mass production-oriented industry. Since then, furniture businesses have begun to grow, with modern machinery, innovative designs and the use of diverse materials. The main varieties of furniture are now produced from wood, processed wood, melamine board, medium density fibre board (MDF), particleboard and steel.

Exports of furniture and allied products from Bangladesh started in 1995. There are now 41,560 wooden furniture units in the country and nearly two lakh skilled and semi-skilled people are engaged in this sector. Among the employees working in the furniture sector, 20 per cent are working in large industries and 80 per cent are working in small and medium industries (SMEs). The sector accounts for around 0.29 per cent of the gross domestic product (GDP), according to the Bangladesh Furniture Export Association (BFEA).

Apart from the large export-oriented enterprises, there is a number of furniture clusters in Dhaka at Badda, Sutrapur and Mirpur areas. A number of large companies has factories in Savar and Gazipur areas.

At present two associations — the BFEA and the BFIOA — are closely working to realize the potential of this sector. At present, several members of BFEA are involved in furniture exports: Otobi, Akhtar, Hatil, Brothers, Partex, Navana and Furnitec, as well as others.

“The furniture market can expand further, both at home and abroad, by blending technology, skilled manpower, good raw materials and quality designs.

Considering the immense potential of this sector, the government plans to establish a separate furniture exhibition zone at Purbachal at a cost of Tk. 1.75 billion. The construction of the exhibition zone is expected to be completed within the next two years. The works ministry has already allocated 10 acres of land at Purbachal for developing the exhibition zone on the instructions of Prime Minister Sheikh Hasina. The establishment of a separate furniture zone, explained the EPB vice-chairman, will help in expanding the sector in both the local and international markets.

1.3 Objectives of the study:

1.3.1 General Objective: The general objective of the study is to analyze the overall marketing strategy of Furniture industry in Bangladesh.

1.3.2 Specific Objectives:

- To analyze the marketing strategy of Furniture industry in Bangladesh;
- To identify problems related to Furniture industry in Bangladesh;
- To provide recommendations based on problems.

1.4 Scope and limitation:

This report primarily concerns the furniture sector, its industry, contribution, employment etc. By its very nature this report limits itself from going into the latest data of different aspects related to the study. Here the concern is mainly the furniture sector and the analysis of this sector.

The main limitation of the study is the time constraint. The time boundary was not enough to conduct this type of important study and also the lack of sufficient co-operation of related parties because of business nevertheless their intention. As a result, direct interviews of different persons from different industries were not enough. We had to depend mainly on the national newspapers, internet, and Bangladesh Economic review and thesis report.

1.5 Methodology:

We have tried to use all modern possible methodology for this report.

1.5.1 Data Source:

While preparing this report information was gathered from the following sources:

1.5.1. a. Primary Data:

Due to time constrain we could not collected all our primary data from direct market. We manage it though other sources.

1.5.1. b Secondary data:

We have used Official website of the some company, Some Newspaper& Journal report about furniture sector in Bangladesh.

1.5.2 Research Design:

This research is conducted to clarify and define the problem and it does not provide the conclusion evidence. We will get a general idea about our leather sector. So we made an **exploratory research design**. This research will increase our knowledge boundary about furniture sector. The main *reasons of selection exploratory research design* are –

- We will try to analysis the furniture sector overall situation in our country.
- We will present some problem definition & how to solve.
- Statement of research objectives.

1.5.3 Data Collection Method:

We have collected all necessary data and from secondary sources.

1.5.4 Data/ information Analysis:

All collected data/information from company web sides, different Journals, news papers are matched/crosschecked with each other. Then we made conclusion on the basis of secondary data.

Chapter 2: Industry Overview

2.1 Introduction:

Furniture in Bangladesh, and its history, is one that runs parallel to the presence of diverse culture and their progress. Until the end of the 18th century Bengal furniture drew their embellishment and designs from two primary sources: ancient Hindu and medieval Muslim cultures. With intricate carvings of religious images, temple art, and sculptures. Bengal furniture was unique as it was grand with vast amount of pure wood and extensive craftsmanship being the two key features. Bengal furniture were essentially aristocratic, keeping in the line with the social status of those who had luxury of owning them.

While technological advent has changed the way industries function, including the furniture industry, the role of specialized wood craftsmen cannot be ignored. With unmatched talent ingenuity, which enables them to sometimes start with a piece of wood without a preconceived plan or idea and come up with an exclusive and beautiful end product. These creators of art are an integral part of industry here in Bangladesh. Varying from unskilled, semi-skilled, skilled, and highly skilled, these people have mastered a profession whose demand is growing worldwide. Riding the wave of modernization, however, the Bangladeshi furniture industry has transited from cottage based industry to one that is fast becoming industrialized. A chronological look at how this change has taken place will reveal that modernization of furniture industry here in late 1990's. Before that such businesses were primarily hereditary and significantly small in size as compared to some today's producers. Back then it was more individualistic and there was a lack of unity that was needed to establish an industry. However, it was during and after the 90's that the furniture businesses truly began to grow, catapulted by modern machineries, innovative designs and use of divers materials and construct the industry as we see it today.

In a very short period of time the furniture industry of Bangladesh has experienced an unprecedented growth. However the scope of furthering this growth is even bigger and one of the key factors that could be catalyst for this expansion is the use of technology. While skilled manpower is still a key element in the industry's success story. More and more manufacturers are improving their production facilities by upgrading to semi and full

automation methods. Furniture houses, big and small are now investing heavily in the latest technology and in training people to operate the machines.

These positive steps towards mechanizing the industry and capacity building of its workers has without a doubt set successful trajectory for the furniture manufacturers and exporters of Bangladesh.

The modern furniture we see today being used in Bangladesh has its roots to the colonial rule of past. While initially the locals were not influenced by the contemporary furniture with which the settlers furnished their houses, things began to change with the spread of western education, the rise of an educated middleclass and rapid urbanization. They began to follow the trend and designs of the west in furnishing their homes and offices, a practice very common today.

Modern furniture has now become predominant in all spheres of furnishing including homes, offices, hospitals and educational institutions. However, now new designs for these pieces develop is something hard to pin point as trends are at times overlapping. Further, blending different styles and designs to create completely new ones is also another practice common in this industry.

2.2 Overview of the industry:

Being one of the fastest growing sectors of Bangladesh, the furniture industry could well be the next economy booster. With over 70000 enterprises and employing an average of 600 workers each (the large firms), the total production from the industry amounted to almost \$10 million.

Other than diverse use of products such as natural and processed wood, MDF, laminated board, particle board, rattan, bamboo and wrought iron, this dominates the current backed by good number of forward and backward linkages. These include a large number of national and international suppliers of different raw materials.

Furthermore, with a wage rate which starts from \$0.06 and goes up to a maximum of \$0.40. Bangladesh serves as the ideal place where one can gain multiple competitive edges which includes skilled workers and low production costs.

2.2.1 Growth and Access Potential:

With the enterprise category definition, the furniture enterprises can be categorized into five groups, namely- large, MSM 2, MSM 1, small and micro. However, in spite of the classification, manufacturers in this industry appear to enjoy quite high profitability.

According to the survey results, increase of profit for the enterprise is dependent on the size of enterprise, automation in production, diversity in product and usage of better raw materials, journey and finishing materials.

The micro and small firms are less efficient and need to upgrade skills and production techniques and technology. The medium are quite efficient by industry standards, however, they have a less diversified product range and have to sell at lower margins. The larger firms are clearly the trendsetters of industry production process. They have the capacity to export and respond quickly to changes in taste of domestic customers. Further analysis of the divers of profitability indicates that diversity in the production variant mix and the input –mix are key factors.

Therefore, a broader marketing strategy and matching and matching production strategy will be more effective driving sales, value-added and profitability performance.

For Bangladesh the low labor cost advantage is a vital factor in becoming competitive in the world market. In wood furniture manufacturing, labor accounts for up to 40% of the total costs. In Bangladesh, labor costs account for up to 230% of the production. Here, the hourly wage rate in furniture is between USD 0.06-0.40, less than in china (USD 0.05-0.75) which is the largest furniture exporting country. Conclusively Bangladesh's household furniture production is about 10% cheaper than Chinese one. The situation is similar to Vietnam in 2002 when they started to explore the export market and attract importer based on their strength of inexpensive labor. However, trends show the labor income gradually increased with expansion of the sector.

With the industrial growth of in various industries like RMG, Textile and ship building, there is a huge demand of industrial furniture in these sectors, which are currently being met through import. In recent assessment, it is seen that on an average 1.5-2% of the ship building cost is spent on furniture and the existing market is over USD 9-12 million. Furthermore there is potential deemed export market around USD 48 million annually. Moreover some international furniture suppliers for ships source products from different countries based on their product requirement and quality standard. As the overall quality of furniture in Bangladesh is considerably high, there is a chance to enter this market. The cost competitiveness of Bangladesh in terms of furniture production is attracting foreign investors.

Current Market Scenario/ Features:

Mass urbanization over a short period of time is a defining characteristic of Bangladesh as know it today. While demand in general has gone up for almost all household and lifestyle products, the demand for furniture in particular has had a substantial growth. With urbanities looking for variety and diversity in furniture for their homes and office, the furniture industry has come onto a market which has enabled them to experiment with different types and styles of furniture along with the materials with whom they are made. Being a market which is open to ideas and influence, some of the readily available styles which are currently going strong here include.

The transitional styled furniture is pieces that walk the line between traditional and contemporary furniture. Designs with no single extreme, but a harmonic blend of styles that can be adapted to an individual's performance, keeping in mind comfort and practicality.

There is the Amish style usually uses warm, dark, rich finish woods, often with intricate carving. The lines of furniture tend toward elegance and sensuous curves. The ornate carvings give traditional style furniture a very majestic feel.

Besides availabilities of various styles of furniture, the use of material is also multifarious here in Bangladesh. There is a combination of traditional and modern items that retains the culture element while enhancing the responsiveness to modern market trend. For a more personal domain as one's home, the preferred raw materials still remains solid wood, but combination of solid wood with other materials like cane, rattan, laminated boards, ply wood and MDF are becoming very popular. But for offices, where the primary focus is on simplicity and functionality, furniture designs are usually focused on the more contemporary style and the preferred use of materials include plastic, MDF, laminated boards and wrought iron.

The major varieties in wood are Red oak, Burma teak, Garjan, Chapalish, Chikrashi, Shilkarai, Gamari, etc. while these raw materials make for study and regal pieces, environmental concerns and overall consumer preference, for more affordable furniture, has made wood alternatives like MDF, plywood, laminated boards very popular in recent time.

2.2.2 Technical Report on the Value Chain Analysis for the Furniture Sector:

Furniture is one of the most rapidly growing sectors of Bangladesh constituting approximately 70,000 enterprises all over the country. The annual growth in terms of turnover is around 19% per annum. This industry is currently employing about 1.80 million people directly.

The total local sales volume estimated in the last fiscal year (2015-2016) was 273 Million USD (66.65 Billion BDT) whereas the export earning of the furniture sector during 2015-16 (July-June) was USD 4.30 million and contribution to GDP was 0.40% during the same period. It has not been long since Bangladesh started exploring the export market, but within a very short span of time local manufacturers have started exporting to the USA, Japan, European countries, various provinces in India and other South East Asian countries. In the export market, the average export growth of the furniture industry has been slightly above 20% annually.

Timber: Timber used in the furniture sector is mostly obtained from local forestry and import sources. Usage of timber from local forestry is assumed as less than 20% of the total usage. The percentage of usage of imported timber is growing every year as the availability of timbers locally is getting reduced due to lack of reforestation process. Moreover, the import duty on timber is just 10.72%, which makes the imported timber more accepted in the market. The timbers are mostly imported or procured from local forestry through large timber trading companies cum sawmills. The import sources are Myanmar, Ghana, Ivory cost, Malaysia, USA, Canada and few European countries. Timbers are imported in both, log and sized formats. The logs are sawed in the sawmills and offered to the furniture manufacturers for buying. In most cases there is no proper seasoning process undertaken before it is used in the furniture. In very few cases, the medium-scale furniture manufacturers import timbers directly for own use.

Wood seasoning: None of the sawmills are having a proper seasoning plant but relying on traditional sun drying methods for seasoning. There is also no service provider for this. In very few cases, the medium-scale manufacturers are having own seasoning plant built within the factory.

Hardware: Furniture Industries require a good amount of metal hardware like hinges, locks, joinery screws, wheels, hooks, handles etc. Majority portion of the hardware is imported from China and India through the hardware traders. The small shops procure these from the importers and sells in the local market from where the furniture manufacturers buy for own use. The big and medium manufacturers procure it directly from the importers. A small number of hardware used by the micro and small-scale enterprise namely hinges, handles and screws are however produced by the local hardware manufacturers. The import duties on screw, hinges etc. & locks are 55.86% & 86.44% respectively.

Processed wood: Use of processed wood, such as Medium Density Board (MDF), Melamine laminated particleboard, veneered particleboard, chipboard and plywood is significantly increasing in furniture manufacturing locally. There are few local manufacturers of particleboard, plywood and melamine laminated board but MDF supply is mostly dependent on the import sources like China, Malaysia and India. Import duty on these items is 92.30%.

Adhesive: Adhesive used in the furniture is mostly supplied from import sources. Importers procure it mostly from India, China and Egypt and sells locally through retailers. The import duty on Adhesive is 55.86%.

Lacquer/coating chemicals: Surface finishing is a very important issue for the furniture. Finishing chemicals are purely imported and the sources are Italy, India, Malaysia and China. The import duties on relevant chemicals are ranging from 26.46 to 34.70%. Lacquering is a newer technology in the context of Bangladesh and it requires mechanized machineries to achieve optimum result. Mostly the medium-scale manufacturers availing this but most micro and small-scale manufacturers are still applying the traditional hand polishing technique. Few finishing types like oil-finished surface, hasn't yet been introduced in Bangladesh while such finishes are quite popular in European countries. However, the overall sector is lacking with proper knowledge on different finishes and the techniques to apply them.

Glass, Steel, and Cane & Rattan: Glass and mirrors are used in both, home and office furniture in good numbers, which are mostly supplied from the local glass manufacturing enterprises through retailers. Steel pipes used in office furniture are purely imported from China and India. Few are from local manufacturers who obtain raw materials from ship breaking industry. Cane & Rattan for furniture manufacturing is imported from Indonesia and Myanmar while a very small quantity is supplied from the local forestry.

Machineries & tools: In a furniture factory a good number of machines are required like Planner, Molder, Panel & Band Saw, Mortiser, Sander, Borer, Router, Grinder, Lathe, Edge bender etc., which are imported from China and Taiwan by the large importers and sold directly or through retailers to the furniture manufacturers. A good number of hand tools and spare parts are also imported from the same sources namely, Hand saw, Chisels, Files, Planes, Cutter and drills, Sharpening tools etc. The duty on the capital machineries is within 5% but due to the monopoly of importers, the manufacturers have to pay often the high prices. It is estimated that about 7 million US Dollars worth furniture machineries is imported per year in Bangladesh. Almost all micro and small-scale manufacturers cannot afford

machines needed to accelerate production as well as to enhance the product quality. Most micro and small-scale manufacturers don't even know about such technologies.

Upholstery fabric: Upholstery fabric is used for living room and dining room furniture, more specifically for sofa and in dining chairs. Upholstery fabric supply is largely dependent on import sources. Large importers import upholstery fabrics from China, India and Indonesia and sells to the furniture manufacturers through retailers. Even though the textile industry is quite strong in Bangladesh, due to the limited market size of upholstery heavy-duty fabrics and domination of imported upholstery fabrics in the local market, the local textile industries don't produce upholstery fabric yet.

Upholstery leather: No furniture uses upholstery leather in furniture due to high cost and not having visible demand in local market. There is a certain demand of leather- upholstered furniture in export market and Bangladesh has advantage as the local leather industry is quite big and the quality of leather is accepted worldwide.

Design Consultancy Service: There is no product design education offered by the educational institutes in Bangladesh hence there is no qualified furniture design services available for the manufacturers.

Skilled Labor Force: The major problem for the furniture manufacturers is they don't get skilled manpower trained in different aspects of furniture manufacturing as there is no efficient training institute in operation in the country to train manpower for the furniture sector. Most of the people working in the sector have been trained on job. Lack of properly trained manpower is hugely affecting the productivity and the quality of the overall sector.

Manufacturers: Furniture manufacturers are spread across different regions of Bangladesh, but there are certain clusters with sizeable number of manufacturers, which can be considered as industrial clusters. Main concentration of furniture manufacturing is mostly in the city centres of different urban, semi urban and peri urban areas. Some of the areas with a sizeable number of furniture companies are: Dhaka, Chittagong, Sylhet, Comilla, Tangail, Gazipur, Narayanganj, Jessore, Faridpur and Bogra. But, Dhaka and Chittagong has the biggest concentration of industrial manufacturing in the whole country.

Except 3 or 4 manufacturers, all other furniture manufacturers of the country actually fall within SME definition of the Ministry of Industries. Although not all clusters are equally efficient, these are usually self-sufficient in terms of having their supporting actors in close proximity. Currently most of the clusters are comprised of small to medium manufacturers,

the larger companies are gradually moving out of the clusters due to space limitation and independent production planning. Furniture sector constitutes approximately 70,000 enterprises all over the country. The annual growth in terms of turnover is around 19% per annum. This industry is currently employing about 1.80 million people directly. Key information on the firms in different sizes is illustrated below:

Firm size classes Micro & Small Medium Total

| Firm size classes | Micro & Small | Medium | Total |
|---|--------------------------|---------------|--------------|
| No. Of Enterprises | 70,953 | 81 | 71,034 |
| Local market share at sales price (Billion BDT) | 42.20 | 24.45 | 66.65 |
| Manpower involvement (Million) | 1.77 | 0.03 | 1.8 |

2.2.3 Different category/segment of furniture:

Based on material used to produce furniture by the SMEs in Bangladesh can be categorized as below:

- **Solid wood furniture:** Majority of the Micro and Small-scale furniture manufacturers use solid wood to produce furniture for home usage. Due to the absence of timber seasoning facilities, they have to rely on traditional sun drying methods. Majority of the wood is imported from Myanmar, Ghana, Ivory Coast, Malaysia, USA, Canada and from few European countries. The import duty on wood is 10.72%.
- **Processed wood furniture:** Medium-scale manufacturers who have access to better lacquer/coating facilities, uses processed wood such as Medium density fibre board (MDF), plywood, melamine laminated board, veneered particleboard etc. Furthermore, to manufacture office furniture (tables, cabinets etc.), processed wood is mostly used. Except particleboard and melamine laminated board, all other processed wood is imported from different sources like, China, Malaysia and India. The import duty on processed wood is 92.30%.
- **Metal furniture:** The market size of metal furniture is also significant where imported steel pipes are mostly used. Besides, metal is significantly used in producing chairs for office use.

- **Cane & Rattan furniture:** Cane and rattan furniture is also holding a small market share where cane is obtained from both the local sources and imported sources (Myanmar and Indonesia).



Based on the types/usage of furniture the following categories can be drawn:

- **Home furniture:**

Home furniture produced by the SMEs in Bangladesh can be defined in following segments:

Bed: Bed as a single item holds the majority of the market share among all home furniture. Solid wood is the main raw material used to produce bed frames. Among other alternative materials, processed wood, metal and cane are also used.

Sofa: The major raw materials used to produce sofas are solid wood (sometimes processed wood, cane or metal), upholstery fabrics and sponge-foams.

Cabinet: There are different types of cabinets used in a home scenario like, kitchen cabinet, show cabinet, dinner cabinet, cabinet for clothes, storage cabinet etc. The major raw materials used to produce cabinets are processed wood (sometimes solid wood), glass etc.

Table: In a home scenario, there are different types of tables like, dining tables, side tables, centre tables, study tables, dressing tables etc. The major raw materials used in table production are solid wood (sometimes processed wood), glass, mirrors, metal pipes etc.

Chair: Chairs used in home scenario are mostly to use along with the dining table and study table. The major raw materials used to produce chairs are solid wood (sometimes processed wood and metal pipes), padding materials (sponge-foams etc.), upholstery fabrics etc.

Accessories: There are hundreds of furniture accessories used in home scenario like stools, hangers, wall shelves, shoe racks, mirror frames, bowls, showpieces etc. Solid and processed wood, metal pipes, mirrors, glasses etc. are the main raw materials for production of such items.

- **Office furniture:**



Office furniture produced in Bangladesh by SMEs can be outlined as follows:

Tables: Office tables can be defined as different types like executive tables, working tables, work stations, conference tables, Computer tables etc. which are mostly produced using processed wood (sometimes solid wood), glass, locks etc.

Chairs: Office chairs are mostly made out of metal pipes (sometimes solid and processed wood), padding materials (sponge-foams etc.), plastic, upholstery fabric (sometimes PU), mechanical adjusting device, etc. among which a large portion of solid and processed wood, metal pipes, plastic shells, mechanical adjusting devices and upholstery fabrics or PU are imported. Plastic shells for chair with mechanical devices are imported by the traders from China, Taiwan, and India etc. and sold to furniture manufacturers by retailer's shops.

Shelves and cabinets: Shelves and cabinets used in office space are produced out of processed wood (rarely solid wood and metal pipes), glass etc.

Waiting lounge Sofas: Office sofas are made out of processed wood (sometimes solid wood and metal pipes), upholstery fabric or PU etc.

- **Hotel and restaurant furniture:**

Furniture for Hotel and restaurants can be again outlined as the ones used in home scenario and dining tables and chairs. The materials use to produce these is identical to those mentioned under home furniture.

- Restaurant Chair
- Restaurant Table
- Interior
- Reception counter

→ Sofa-set

- **Hospital furniture:**

Hospital furniture manufactured by the SMEs of Bangladesh can be named as hospital beds and trolleys, which requires mostly imported metal pipes to get manufactured.



→ Patient Bed

→ ICU Bed

→ Patient Examination Bed

→ Patient Trolley

→ Gynecological bed

→ Over Bed table

→ Saline Stand

→ Medicine Cupboard

→ Food Cart

→ Isolation Screen

- **School furniture:**

School furniture is limited to student benches and desk and chairs, production of which involves solid wood, laminated board, plastic and metal pipes. Following types of furniture are used for schools -

- Class room chair
- Class room table
- Auditorium Chair
- Bench
- Podium
- **Factory furniture:**

In Bangladesh scenario, majority of factory furniture consists of working tables, trolleys and adjustable high stools. The tops of the tables are produced out of processed wood while the framing of trolleys and tables are done using metal bars or pipes. High stools are made out of metal and padding for seats and upholstery PU materials. Some furniture used in Bangladesh is:

- Worker chair
- Personal Locker
- Mobile Rack
- Storage Rack
- Slotted Angel Rack
- Combined File Cabinet
- Work station
- **Outdoor furniture:** Outdoor furniture is holding a very nominal market share in the local context and they are made out of metal mostly.

- **Children furniture:** Children furniture used in home scenario are also very identical to those listed under home furniture segment.

Kid's Bed: There are a lot of variations of Kid's bed in Otobi. These beds are specially designed for children.

- Reading Table
- Chair
- Wardrobe
- Chest of Drawer
- Toys
- Book shelves

- **Ship furniture:** Recently the ship building industry has been growing in Bangladesh which will also require huge supply of furniture and this can be in the form of deemed export. With the present momentum, entrepreneurs believe that Bangladesh could easily export USD 4.00 billion worth of ships, which is 1% of present global demand of almost USD 400 billion, by 2014. In an average ship usually 0.15-0.20% of the cost goes in to furniture and therefore we are looking at an existing market of over USD 25 million and a potential deemed export market of around USD 80 million annually by 2014. So, this could be another potential area of export market expansion for Bangladesh, which has not been tapped yet by the local manufacturers. However OTOBI has started to concentrate on this sector and already completed some projects.

- **Home Appliance:**

There is a huge demand of home appliance in Bangladesh. Specially Air Conditioner for office, factory and home. OTOBI selling Apollo AC to its customers.

2.2.4 Market Channels:

Domestic Wholesale: Domestic wholesalers in local market are tagged with medium scale manufacturers and they supply to institutional clients (Government and private offices) based on specific work order earned through organizational bidding process. In many cases, the

wholesalers are the medium scale manufacturers. Micro and Small- scale manufacturers hardly can supply to these Wholesalers.

Domestic Retail: In the case of Micro and small-scale manufacturers, they mostly depend on Domestic retail chain where there are thousands of retail shops (some are owned by the manufacturers themselves and some are by the retail shop owners) located in all major cities. Nevertheless the most retail shops are located in Dhaka and Chittagong Metropolitan cities and they cater the majority of the total market share. Among retailers in major cities, a good number who are noticeably big in size are franchise owners of medium-scale manufacturers having brand identity. The rest acquire their merchandise from different small-scale manufacturers and sell under own brand/shop name. In the suburb and villages, the most retailers cum manufacturers are micro and small in sizes and having their shops/showrooms together with their furniture making workshops where they take orders on customized designs besides offering their displayed furniture lines. They produce mostly the traditional and classic designs applying hand techniques both in manufacturing and finishing. Furniture Retailers in Dhaka and Chittagong cities are placed in specific zones. In Dhaka city, the major zones for furniture retailers can be named as, Mirpur zone, Gulshan and Badda zone, Sutrapur zone etc. In Chittagong city the major zones for retailers are located at Agrabad, Boddarhath etc.

In recent years it has been noticed that a good number of large sized retailers are rising who sell under own brand names but do not have the production facilities of their own. They get their merchandise manufactured from different small-scale manufacturers and sells through their shops. A good number of medium-scale manufacturers have established own retail stores and sells under own brand names. Often their production units are unable to supply according to the demand hence they also have to use other small-scale manufacturers production facilities to produce and acquire.

Foreign Wholesale: Furniture export is still in primary stage in the context of Bangladesh. The export documented by the Export Promotion Bureau of Bangladesh in the last fiscal year (2015-2016) was 4.3 Million USD, which is just 0.6 % of total estimated yearly furniture sales (819 Million USD) of the country. However, the major share of furniture export is hold by very small number of medium-scale enterprises. In very few cases they export them to the foreign wholesale companies (USA, China & South Africa) who buy based, warehouse and sell through the retailers.

Foreign Retail: The majority portion of the total furniture export has been to foreign retailers. The volume of each shipment event is therefore very insignificant. The furniture was exported to different parts of the world, to USA, EU countries, Africa, Far eastern countries and Middle Eastern countries but none was in significant quantities/volumes.

Comments on VCA: There was no Value Chain Analysis available for the sector hence the task of the Analysis was done fresh based on available studies on the sector and extensive field visits, discussions with the sector stakeholders, the BIO leaders etc. It was found that majority of the raw materials used in the sector are import based and the import duties are quite high on processed wood (92.30%), which is becoming the main raw material to produce furniture in the world furniture Industry. The duty on Solid wood is 10.72%, which is low but due to the cost and environmental reasons, use of solid wood in furniture is getting reduced in all over the world in recent years and processed wood is taking place of solid wood gradually. Therefore, the high import duties on major raw materials may hinder to achieve competitiveness in export market. It was seen that the most timbers used in furniture manufacturing are not seasoned through mechanized process due to absence of seasoning facilities. Only very few medium scale manufacturers are having own seasoning plant built within their factories.

Use of naturally dried wood in the furniture causes certain quality problems. Access to properly treated wood is a prerequisite to achieve exportability. It is also found that almost all micro and small-scale manufacturers can't afford buying the machineries required to accelerate the productivity as well as to enhance product quality. Besides they are not aware of such technologies. Finishing is a very important quality parameter for furniture. It is seen that almost all micro and small-scale manufacturers are not aware or don't have the access to the modern techniques of surface finishing of wooden or wood like furniture. It is also seen that few finishing types or the techniques haven't been introduced in Bangladesh yet. Another finding in VCA was that there is no formal education offered by the local educational institutes on product design hence there are no professional and qualified designers available who can offer design and product development services to the manufacturers. Therefore the manufacturers only practice trial and error methods and driven highly by the attitude of copying products.

Positioning:

positioning or market Share : per year

a. Otobi Ltd

- b. Partex Furniture
- c. Hatil Furniture
- d. Navana Furniture
- e. Akhter Furniture
- f. Brothers Furniture
- g. Regal Furniture
- h. Nadia Furniture
- i. Legacy

2.2.5 Future of Furniture Industry in Bangladesh

Bangladesh has vast potentiality of fast becoming an important destination for overseas companies sourcing quality furniture as the country offers a competitive production cost with lower cost of labor, industry people said. Diversity in product portfolios with various raw materials and ability to produce traditional and modern designs is a fascinating combination for foreign buyers, they added. To attract foreign buyers, a three-day "Bangladesh Furniture and Interior Decor Expo-2015" was organized for the first time in the country which ended Saturday.

Organizers said the objective of the exposition was not only to get orders from the prospective foreign buyers but also to let them know that Bangladesh is now very much capable of producing world-class furniture. The industry people said Bangladesh is able to export products worth US\$ 40 million by 2016 with an additional \$ 10 million worth of accessories and soft furniture export annually.

And this export volume can increase up to \$ 1.0 billion by 2020 provided there is increased productivity, better market linkage and ensured compliance of standards. The low labor cost advantage is a vital factor of becoming competitive in the world market, compared to the international practice, hand-carving artisans' cost of labor is significantly inexpensive and as a result labor costs account for only 20 per cent of the total production cost in Bangladesh whereas wooden furniture manufacturing worldwide labor accounts for up to 40 per cent of the total cost. Bangladesh's hourly furniture wage rate is \$.06-.04 less than that in China -- the largest furniture exporting country -- which is about \$ 0.50-0.75. There is an increasing demand for hand-carved wooden furniture in the US, UAE, Saudi Arabia and Qatar, they prefer furniture designs that follow Victorian styles, hand-carved and heavy furniture and it is the dominant production style of carpenters in Bangladesh. The sector has improved much in its design, technology and finishing and as a result furniture import has reduced by 60 per

cent in recent times. The furniture sector is in a transitional phase changing from the customized to the ready-to-order manufacturing. The industry is looking at an existing market of over \$ 25 million and a potential deemed export market of around \$ 80 million annually by 2014 following the emerging ship building industry in Bangladesh which spends about 0.15 - 0.20 per cent for furniture, according to BFEA. The sector earned \$ 18.84 million in the July-March period of the current fiscal year (FY 2015-16). The earning stood at \$ 21.38 million in FY 2014-15 and \$ 19.26 million in FY 2011-12, according to EPB data. Seventeen members of BFEA export furniture of which Otobi, Akhtar, Hatil, Brothers, Partex, Navana, and Furnitec are the major players. Declining sources of the local supply of wood and a lack of technical expertise are also forcing the sector to play an insignificant role in the national economy. The sector contributes about 0.29 per cent to the GDP (Gross Domestic Product), according to BFEA. Furniture market could be further expanded, both at home and abroad, by blending technology, skilled manpower, quality raw materials and designs. At present, the local furniture market stands at Tk 100-120 billion (Tk 10,000-12,000 crore) a year and employs about 3.0 million people directly, according to BFEA.

2.2.6 Export Scenario:

Furniture sector has a noticeable potential, both in local and export market. Recently local manufacturers have started exporting to the US, Japan, Europe, India and other Southeast Asian countries, like Japan, Taiwan, Singapore, Thailand and Vietnam. Some of Bangladesh's furniture-industry leaders Hatil, Navana, Otobi, and Legacy Furniture have made a cautious beginning. It is significant that all of them are confident about establishing strong export linkages in the upcoming years. They are strongly committed to the achievement of 'excellence' in terms of quality and design. Moreover, they are also committed to standard employment and environmental practices, as this is required for positioning and creating a brand image in export markets.

Apart from it, there are huge export potentials of furniture. In February 2010, a study on "Export markets entry strategy for Bangladeshi furniture manufacturers" was conducted by Center for industrial studies (CSIL), an independent economic research and consulting company founded in Milan. The study shows that Bangladesh is able to export USD 40 million by 2018 with an additional USD 10 million export of accessories & soft furnishing. This export volume can increase up to USD 1 billion by 2020 provided there is increased productivity, better market linkage and ensured compliance standards.

There is a huge demand for Bangladeshi soft furniture in the international markets like the USA or Europe. It is reported that the demand of Bangladeshi soft furniture is worth US \$10 million every year, yet again Bangladesh fails miserably to achieve the desired amount of export income. According to Export Promotion Bureau (EPB) data, the soft furniture worth US\$ 3.79 were exported in the fiscal 2009-2010 while US\$ 4.11 was earned by exporting the same in the FY 2008-2009. An analysis of EPB data since FY2006-2007 shows a downtrend of the country's soft furniture export. Bangladesh earned US\$ 8.16 million in 2006-2007, US\$ 5.49 million in 2007-2008, US\$ 4.44 million in 2008-2009 and US\$ 3.79 million in 2009-2010 fiscals, indicating 53.55 percent decrease in the export of soft furniture over a period of last three years. And this decrease is due to the lack of design and technology research, lack of initiatives to promote this industry and keep abreast with other parts of the world.

2.3 Laminated Board Furniture:

Laminated board made of two things and they are: Particle Board and Lamination paper or melamine paper.

Particle board



Particle board, also known as **particleboard** and **chipboard**, is an engineered wood product manufactured from wood chips, sawmill shavings, or even sawdust, and a synthetic resin or other suitable binder, which is pressed and extruded. Particleboard is a composite material.

Particle board is cheaper, denser and more uniform than conventional wood and plywood and is substituted for them when appearance and strength are less important than cost. However, particleboard can be made more attractive by painting or the use of wood veneers onto surfaces that will be visible. Though it is denser than conventional wood, it is the lightest and weakest type of fiberboard, except for insulation board. Medium-density fibreboard and hardboard, also called high-density fiberboard, are stronger and denser than particleboard. Different grades of particleboard have different densities, with higher density connoting greater strength and greater resistance to failure of screw fasteners.

A major disadvantage of particleboard is that it is very prone to expansion and discoloration due to moisture, particularly when it is not covered with paint or another sealer. Therefore, it is rarely used outdoors or in places where there are high levels of moisture, with the exception of some bathrooms, kitchens and laundries, where it is commonly used as an underlayment - in its moisture resistant variant - beneath a continuous sheet of vinyl flooring. It does, however, have some advantages when it comes to constructing the cabinet box and shelves. For example, it is well suited for attaching cabinet door hinges to the sides of frameless cabinets. Plywood has the potential to feather off in sheaves when extreme weight is placed on the hinges. In contrast, particle board holds the screws in place under similar weight.

History and development

Modern plywood, as an alternative to natural wood, was re-invented in the 19th century (given that it was well known by the ancient Egyptians, several thousand years before but by the end of the 1940s a shortage of lumber made it difficult to manufacture plywood affordably. Particleboard was intended to be a replacement. Its inventor was Max Himmelheber of Germany. The first commercial piece was produced during World War II at a factory in Bremen, Germany. For its production, waste material was used - such as planer shavings, off cuts or sawdust - hammer-milled into chips and bound together with a phenolic resin. Hammer-milling involves smashing material into smaller and smaller pieces until they can pass through a screen. Most other early particleboard manufacturers used similar processes, though often with slightly different resins.

It was found that better strength, appearance and resin economy could be achieved by using more uniform, manufactured chips. Producers began processing solid birch, beech, alder, pine and spruce into consistent chips and flakes; these finer layers were then placed on the outside of the board, with its core composed of coarser, cheaper chips. This type of board is known as three-layer particleboard.

More recently, graded-density particleboard has also evolved. It contains particles that gradually become smaller as they get closer to the surface.

Furniture design

Particle board has had an enormous influence on furniture design. In the early 1950s, particle board kitchens started to come into use in furniture construction but, in many cases, it remained more expensive than solid wood. A particle board kitchen was only available to the very wealthy. Once the technology was more developed, particle board became cheaper.

Large companies such as IKEA and Fantastic Furniture base their strategies around providing furniture at a low price; for example, IKEA's stated mission is to "create well-designed home furniture at prices so low that as many people as possible will be able to afford it". They do this by using the least expensive materials possible, as do most other major furniture providers. In almost all cases, this means particle board or MDF or similar. However, manufacturers, in order to maintain a reputation for quality at low cost, may use higher grades of particle board, e.g., higher density particle board, thicker particle board, or particle board using higher-quality resins. One may note the amount of sag in a shelf of a given width in order to differentiate the difference.

In general the much lower cost of sheet goods (particle board, medium density fiberboard, and other engineered wood products) has helped to displace solid wood from many cabinetry applications.

Safety

Safety concerns are two part, one being fine dust released when particleboard is machined (e.g., sawing or routing), and occupational exposure limits exist in many countries recognizing the hazard of wood dusts.^[3] The other concern is with the release of formaldehyde. In 1984 concerns about the initial indoor level of formaldehyde led the United States Department of Housing and Urban Development to set standards for construction of manufactured homes. This however was not solely because of the large amounts of pressed wood products that manufactured homes contain but also because of other building materials such as Urea-formaldehyde foam insulation. Formaldehyde is classified by the WHO as a known human carcinogen.

Lamination paper

Lamination paper is a paper used for laminates. Normally on particle or fiberboards giving a good-looking and resistant surface for use as furniture, decoration panels and flooring.



A laminate consists of a single or multiple layers, each having its own distinct function. The base is most often particle- or fiberboards, then some layers of absorbent kraft paper. The last layers are a *decor paper* covered with an *overlay*. The lamination papers are covered with an inert resin, often melamine, which is cured to form a hard composite with the structure of paper. The laminates may also have a lining on the back side of *laminatingkraft* to compensate for the tension created by the top side lamination.

Cheaper particle boards may have only a lining of laminating kraft to give surface washability and resistance to wear.

The *decor paper* can also be processed under heat and low/high pressure to create a melamine laminated sheet, that has several applications.

2.3.1 Particle board production soars on rising furniture demand in Bangladesh



The domestic market for particle boards is thriving on the back of increasing demand for timber-substitute furniture, which is sustainable and cheaper, industry leaders said.

The furniture sector has a growth rate of 19 percent a year, which demonstrates the enormous promise, according to a study jointly conducted in 2013 by the Export Promotion Bureau, Katalyst, a multi-donor funded development entity, and Centre for Industrial Studies, an international research centre.

Local furniture sales were Tk 6,665 crore in fiscal 2015-16, which rose to nearly Tk 10,000 crore in fiscal 2017-18. The study also found that about 70,000 SMEs make furniture, employing 18 lakh people. The rising demand for office and home furniture has encouraged entrepreneurs to set up mills to produce particle boards.

Akij Group is setting up its second particle board mill, which will be the largest in South Asia, to meet the growing demand for boards by architects, interior designers and furniture makers. The capacity of the new unit will be 1,000 cubic metres a day, up from the existing

unit's 300 cubic metres. The factory is being built at Trishal in Mymensingh, at a cost of around Tk 500 crore.

A particle board is a timber substitute, made of wood chips. Particle boards are of multiple types that include plain, ply, veneered and vinyl, of various sizes and combinations for use in interior decoration, furniture, door and door frames, partitions, false ceilings, shelves and panels for use at homes, offices and commercial establishments.

The first particle board factory was established in the country in 1962 with Star Particle Board Mills, a jute-based particle board industry. It was also the first particle board mill in Asia. At present, nearly a dozen particle board mills are in operation with a daily production capacity of around 1,000 cubic metres, according to industry insiders. Among them, Amber Particle Mills, a concern of Partex Group, recently doubled its capacity to 320 cubic metres a day. The boards come in different sizes, thickness and colours. Eight feet by four feet, 12mm thick boards cost Tk 1,780, which is Tk 2,095 for 18mm thick boards of the same size, Shahedin said. A timber-made product of the same size will cost double; a particle board can easily go for 15 years, although some companies give 25 years of warranty.

Chapter 3: Literature Review

3.1 Marketing

Marketing is communicating the value of a product, service or brand to customers, for the purpose of promoting or selling that product, service, or brand.

Marketing techniques include choosing target markets through market analysis and market segmentation, as well as understanding consumer behavior and advertising a product's value to the customer.

From a societal point of view, marketing is the link between a society's material requirements and its economic patterns of response. Marketing satisfies these needs and wants through exchange processes and building long-term relationships.

Marketing Functions: Marketing has different functions such as Sales, Advertising & Brand Management, Research, Trade Marketing & Digital Marketing (Social Media Marketing is component / function of Digital Marketing).

Marketing blends art and applied science (such as behavioral sciences) and makes use of information technology.

Marketing is applied in enterprise and organizations through marketing management.

3.2 Marketing Mix

The term "marketing-mix," was first coined by Neil Borden, the president of the American Marketing Association in 1953. It is still used today to make important decisions that lead to the execution of a marketing plan. The various approaches that are used have evolved over time, especially with the increased use of technology.

The **marketing mix** is a business tool used in marketing and by marketers. The marketing mix is often crucial when determining a product or brand's offer, and is often associated with the **four P's**: price, product, promotion, and place. In service marketing, however, the four Ps are expanded to the **seven P's** or **Seven P's** to address the different nature of services.

In the 1990s, the concept of **four C's** was introduced as a more customer-driven replacement of four P's. There are two theories based on four Cs: Lauterborn's four Cs (consumer, cost, communication, convenience), and Shimizu's four Cs (commodity, cost, communication, channel).

In 2012, a new four P's theory was proposed with people, processes, programs, and performance.

McCarthy's four Ps

The marketer E. Jerome McCarthy proposed a four Ps classification in 1960, which has since been used by marketers throughout the world.

| Category | Definition |
|------------------|--|
| <u>Product</u> | <p>A product is seen as an item that satisfies what a consumer demands. It is a tangible good or an intangible service. Tangible products are those that have an independent physical existence. Typical examples of mass-produced, tangible objects are the motor car and the disposable razor. A less obvious but ubiquitous mass-produced service is a computer operating system. Every product is subject to a life-cycle including a growth phase followed by a maturity phase and finally an eventual period of decline as sales fall. Marketers must do careful research on how long the life cycle of the product they are marketing is likely to be and focus their attention on different challenges that arise as the product moves.</p> <p>The marketer must also consider the product mix. Marketers can expand the current product mix by increasing a certain product line's depth or by increasing the number of product lines. Marketers should consider how to position the product, how to exploit the brand, how to exploit the company's resources and how to configure the product mix so that each product complements the other. The marketer must also consider product development strategies.</p> |
| <u>Price</u> | <p>The amount a customer pays for the product. The price is very important as it determines the company's profit and hence, survival. Adjusting the price has a profound impact on the marketing strategy, and depending on the price elasticity of the product, often it will affect the demand and sales as well. The marketer should set a price that complements the other elements of the marketing mix.</p> <p>When setting a price, the marketer must be aware of the customer perceived value for the product. Three basic pricing strategies are: market skimming pricing, market penetration pricing and neutral pricing. The 'reference value' (where the consumer refers to the prices of competing products) and the 'differential value' (the consumer's view of this product's attributes versus the attributes of other products) must be taken into account.</p> |
| <u>Promotion</u> | All of the methods of communication that a marketer may use to provide information |

| | |
|--------------------------------|---|
| | <p>to different parties about the product. Promotion comprises elements such as: advertising, public relations, sales organization and sales promotion.</p> <p>Advertising covers any communication that is paid for, from cinema commercials, radio and Internet advertisements through print media and billboards. Public relations is where the communication is not directly paid for and includes press releases, sponsorship deals, exhibitions, conferences, seminars or trade fairs and events. Word-of-mouth is any apparently informal communication about the product by ordinary individuals, satisfied customers or people specifically engaged to create word of mouth momentum. Sales staff often plays an important role in word of mouth and public relations (see 'product' above).</p> |
| <u>Distribution</u> (Place) | Refers to providing the product at a place which is convenient for consumers to access. Various strategies such as intensive distribution, selective distribution, exclusive distribution and franchising can be used by the marketer to complement the other aspects of the marketing mix. |

The "seven Ps" is a marketing model that adds to the aforementioned four Ps, including "physical evidence", "people", and "process". It is used when the relevant product is a service, not merely a physical good.

| Category | Definition |
|-------------------|--|
| Physical evidence | The evidence which shows that a service was performed, such as the delivery packaging for the item delivered by a delivery service, or a scar left by a surgeon. This reminds or reassures the consumer that the service took place, positively or negatively. |
| People | The employees that execute the service, chiefly concerning the manner and skill in which they do so. |
| Process | The processes and systems within the organization that affect the execution of its service, such as job queuing or query handling. |

3.3 Market segmentation

Market segmentation pertains to the division of a market of consumers into persons with similar needs and wants. For instance, Kellogg's cereals, Frosties are marketed to children. Crunchy Nut Cornflakes are marketed to adults. Both goods denote two products which are marketed to two distinct groups of persons, both with similar needs, traits, and wants. In another example, Sun Microsystems can use market segmentation to classify its clients according to their promptness to adopt new products.^[12]

Market segmentation allows for a better allocation of a firm's finite resources. A firm only possesses a certain amount of resources. Accordingly, it must make choices (and incur the related costs) in servicing specific groups of consumers. In this way, the diversified tastes of contemporary Western consumers can be served better. With growing diversity in the tastes of modern consumers, firms are taking note of the benefit of servicing a multiplicity of new markets.

Market segmentation can be viewed as a key dynamic in interpreting and executing a logical perspective of Strategic Marketing Planning. The manifestation of this process is considered by many traditional thinkers to include the following; *Segmenting, Targeting and Positioning*

3.4 Product Positioning

Positioning is the marketing activity and process of identifying a market problem or opportunity, and developing a solution based on market research, segmentation and supporting data. Positioning may refer to the position a business has chosen to carry out their marketing and business objectives. Positioning relates to strategy, in the specific or tactical development phases of carrying out an objective to achieve a business' or organization's goals, such as increasing sales volume, brand recognition, or reach in advertising.

3.5 Service

Services marketing is a sub-field of marketing, which can be split into the two main areas of goods marketing (which includes the marketing of fast moving consumer goods (FMCG) and durables) and services marketing. Services marketing typically refers to both business to consumer (B2C) and business to business (B2B) services, and includes marketing of services such as telecommunications services, financial services, all types of hospitality services, car rental services, air travel, health care services and professional services.

Services are (usually) intangible economic activities offered by one party to another. Often time-based, services performed bring about desired results to recipients, objects, or other assets for which purchasers have responsibility. In exchange for money, time, and effort, service customers expect value from access to goods, labor, professional skills, facilities, networks, and systems; but they do not normally take ownership of any of the physical elements involved.

There has been a long academic debate on what makes services different from goods. The historical perspective in the late-eighteen and early-nineteenth centuries focused on creation and possession of wealth. Classical economists contended that goods were objects of value over which ownership rights could be established and exchanged. Ownership implied

tangible possession of an object that had been acquired through purchase, barter or gift from the producer or previous owner and was legally identifiable as the property of the current owner.

Adam Smith's famous book, *The Wealth of Nations*, published in Great Britain in 1776, distinguished between the outputs of what he termed "productive" and "unproductive" labor. The former, he stated, produced goods that could be stored after production and subsequently exchanged for money or other items of value. But unproductive labor, however "honorable,...useful, or... necessary" created services that perished at the time of production and therefore didn't contribute to wealth. Building on this theme, French economist Jean-Baptiste Say argued that production and consumption were inseparable in services, coining the term "immaterial products" to describe them.

3.6 Customer Satisfaction

Customer satisfaction is a term frequently used in marketing. It is a measure of how products and services supplied by a company meet or surpass customer expectation. Customer satisfaction is defined as "the number of customers, or percentage of total customers, whose reported experience with a firm, its products, or its services (ratings) exceeds specified satisfaction goals." In a survey of nearly 200 senior marketing managers, 71 percent responded that they found a customer satisfaction metric very useful in managing and monitoring their businesses.

It is seen as a key performance indicator within business and is often part of a Balanced Scorecard. In a competitive marketplace where businesses compete for customers, customer satisfaction is seen as a key differentiator and increasingly has become a key element of business strategy.

"Within organizations, customer satisfaction ratings can have powerful effects. They focus employees on the importance of fulfilling customers' expectations. Furthermore, when these ratings dip, they warn of problems that can affect sales and profitability.... These metrics quantify an important dynamic. When a brand has loyal customers, it gains positive word-of-mouth marketing, which is both free and highly effective."

Therefore, it is essential for businesses to effectively manage customer satisfaction. To be able to do this, firms need reliable and representative measures of satisfaction.

"In researching satisfaction, firms generally ask customers whether their product or service has met or exceeded expectations. Thus, expectations are a key factor behind satisfaction. When customers have high expectations and the reality falls short, they will be disappointed

and will likely rate their experience as less than satisfying. For this reason, a luxury resort, for example, might receive a lower satisfaction rating than a budget motel—even though its facilities and service would be deemed superior in 'absolute' terms."

3.7 Service Quality

Service quality is a comparison of expectations with performance. A business with high service quality will meet customer needs whilst remaining economically competitive.^[2] Improved service quality may increase economic competitiveness. This aim may be achieved by understanding and improving operational processes; identifying problems quickly and systematically; establishing valid and reliable service performance measures and measuring customer satisfaction and other performance outcomes.

Chapter 4: Marketing Strategy of Furniture industry in Bangladesh: A case study on OTOBI Limited.

To identify the marketing strategy of furniture industry in Bangladesh here I tried to follow one company as example. The name of the company is OTOBI Ltd due to their position in market as a leader.

4.1 Product offering:

A company will only sell what the consumer specifically wants to buy. So, marketers should study consumer wants and needs in order to attract them one by one with something he/she wants to purchase.

Bangladeshi Furniture Company offers a variety of products to meet their customer demand. These products are designed considering the traditional and international fashion.

Products offer by the furniture company of Bangladesh:

- Home Furniture
- Office Furniture
- Kid's Furniture
- Hospital Furniture
- Home Appliance
- Kitchen Cabinet
- Interior Solution
- Home Décor
- Kitchen Accessories

4.2 Pricing strategy:

Price is only a part of the total cost to satisfy a want or a need. The total cost will consider for example the cost of time in acquiring a good or a service, a cost of conscience by consuming that or even a cost of guilt "for not treating the kids". It reflects the total cost of ownership. Many factors affect cost, including but not limited to the customer's cost to change or implement the new product or service and the customer's cost for not selecting a competitor's product or service.

A business can use a variety of **pricing strategies** when selling a product or service. The Price can be set to maximize profitability for each unit sold or from the market overall. It can be used to defend an existing market from new entrants, to increase market share within a market or to enter a new market. Businesses may benefit from lowering or raising prices,

depending on the needs and behaviors of customers and clients in the particular market. Finding the right pricing strategy is an important element in running a successful business.

There are some models of pricing has describe below which is used by the OTOBI, they are:

- **Absorption pricing**

Method of pricing in which all costs are recovered. The price of the product includes the variable cost of each item plus a proportionate amount of the fixed costs.

- **Contribution margin-based pricing**

Contribution margin-based pricing maximizes the profit derived from an individual product, based on the difference between the product's price and variable costs (the product's contribution margin per unit), and on one's assumptions regarding the relationship between the product's price and the number of units that can be sold at that price. The product's contribution to total firm profit (i.e. to operating income) is maximized when a price is chosen that maximizes the following: (contribution margin per unit) X (number of units sold).

- **Creaming or skimming price**

In most skimming, goods are sold at higher prices so that fewer sales are needed to break even. Selling a product at a high price, sacrificing high sales to gain a high profit is therefore "skimming" the market. Skimming is usually employed to reimburse the cost of investment of the original research into the product: commonly used in electronic markets when a new range, such as DVD players, are firstly dispatched into the market at a high price. This strategy is often used to target "early adopters" of a product or service. Early adopters generally have a relatively lower price-sensitivity - this can be attributed to: their need for the product outweighing their need to economize; a greater understanding of the product's value; or simply having a higher disposable income. it will maximize profits for the better of the company

This strategy is employed only for a limited duration to recover most of the investment made to build the product. To gain further market share, a seller must use other pricing tactics such as economy or penetration. This method can have some setbacks as it could leave the product at a high price against the competition.

- **Decoy pricing**

Method of pricing where the seller offers at least three products, and where two of them have a similar or equal price. The two products with the similar prices should be the most expensive ones, and one of the two should be less attractive than the other. This strategy will

make people compare the options with similar prices, and as a result sales of the most attractive choice will increase.

- **Loss leader**

A loss leader or leader is a product sold at a low price (i.e. at cost or below cost) to stimulate other profitable sales. This would help the companies to expand its market share as a whole.

- **Market-oriented pricing**

Setting a price based upon analysis and research compiled from the target market. This means that marketers will set prices depending on the results from the research. For instance if the competitors are pricing their products at a lower price, then it's up to them to either price their goods at an above price or below, depending on what the company wants to achieve.

- **Premium pricing**

Premium pricing is the practice of keeping the price of a product or service artificially high in order to encourage favorable perceptions among buyers, based solely on the price. The practice is intended to exploit the (not necessarily justifiable) tendency for buyers to assume that expensive items enjoy an exceptional reputation, are more reliable or desirable, or represent exceptional quality and distinction.

- **Price leadership**

An observation made of oligopolistic business behavior in which one company, usually the dominant competitor among several, leads the way in determining prices, the others soon following. The context is a state of limited competition, in which a market is shared by a small number of producers or sellers.

- **Value-based pricing**

Pricing a product based on the value the product has for the customer and not on its costs of production or any other factor. This pricing strategy is frequently used where the value to the customer is many times the cost of producing the item or service. For instance, the cost of producing a software CD is about the same independent of the software on it, but the prices vary with the perceived value the customers are expected to have. The perceived value will depend on the alternatives open to the customer. In business these alternatives are using competitors software, using a manual work around, or not doing an activity. In order to employ value-based pricing you have to know your customer's business, his business costs, and his perceived alternatives. It is also known as Perceived-value

- **Penetration Pricing**

The price charged for products and services is set artificially low in order to gain market share. Once this is achieved, the price is increased. This approach was used by France Telecom and Sky TV. These companies need to land grab large numbers of consumers to make it worth their while, so they offer free telephones or satellite dishes at discounted rates in order to get people to sign up for their services. Once there is a large number of subscribers prices gradually creep up. Taking Sky TV for example, or any cable or satellite company, when there is a premium movie or sporting event prices are at their highest – so they move from a penetration approach to more of a skimming/premium pricing approach.

- **Economy Pricing**

This is a no frills low price. The costs of marketing and promoting a product are kept to a minimum. Supermarkets often have economy brands for soups, spaghetti, etc. Budget airlines are famous for keeping their overheads as low as possible and then giving the consumer a relatively lower price to fill an aircraft. The first few seats are sold at a very cheap price (almost a promotional price) and the middle majority are economy seats, with the highest price being paid for the last few seats on a flight (which would be a premium pricing strategy). During times of recession economy pricing sees more sales. However it is not the same as a value pricing approach which we come to shortly.

- **Psychological Pricing**

This approach is used when the marketer wants the consumer to respond on an emotional, rather than rational basis. For example Price Point Perspective (PPP) 0.99 Cents not 1 US Dollar. It's strange how consumers use price as an indicator of all sorts of factors, especially when they are in unfamiliar markets. Consumers might practice a decision avoidance approach when buying products in an unfamiliar setting, an example being when buying ice cream. What would you like, an ice cream at \$0.75, \$1.25 or \$2.00? The choice is yours. Maybe you're entering an entirely new market. Let's say that you're buying a lawnmower for the first time and know nothing about garden equipment. Would you automatically buy the cheapest? Would you buy the most expensive? Or, would you go for a lawnmower somewhere in the middle? Price therefore may be an indication of quality or benefits in unfamiliar markets.

- **Product Line Pricing**

Where there is a range of products or services the pricing reflects the benefits of parts of the range. For example car washes; a basic wash could be \$2, a wash and wax \$4 and the whole package for \$6. Product line pricing seldom reflects the cost of making the product since it delivers a range of prices that a consumer perceives as being fair incrementally – over the range.

If you buy chocolate bars or potato chips (crisps) you expect to pay X for a single packet, although if you buy a family pack which is 5 times bigger, you expect to pay less than 5X the price. The cost of making and distributing large family packs of chocolate/chips could be far more expensive. It might benefit the manufacturer to sell them singly in terms of profit margin, although they price over the whole line. Profit is made on the range rather than single items.

- **Captive Product Pricing**

Where products have complements, companies will charge a premium price since the consumer has no choice. For example a razor manufacturer will charge a low price for the first plastic razor and recoup its margin (and more) from the sale of the blades that fit the razor. Another example is where printer manufacturers will sell you an inkjet printer at a low price. In this instance the inkjet company knows that once you run out of the consumable ink you need to buy more, and this tends to be relatively expensive. Again the cartridges are not interchangeable and you have no choice.

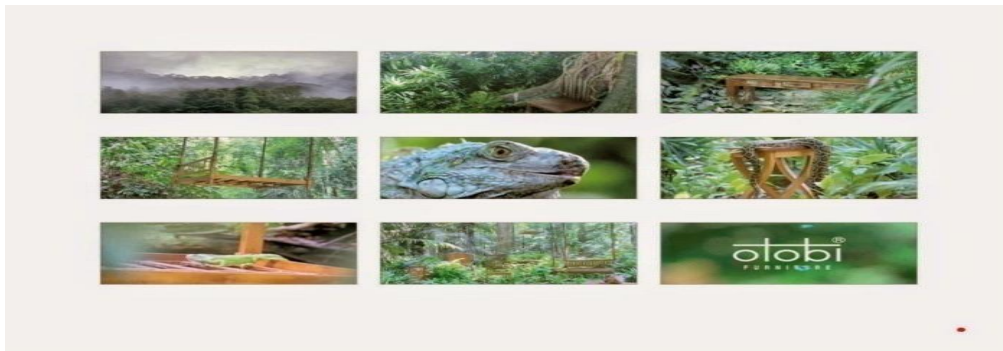
- **Promotional Pricing.**

Pricing to promote a product is a very common application. There are many examples of promotional pricing including approaches such as BOGOF (Buy One Get One Free), money off vouchers and discounts. Promotional pricing is often the subject of controversy. Many countries have laws which govern the amount of time that a product should be sold at its original higher price before it can be discounted. Sales are extravaganzas of promotional pricing.

- **Premium Pricing.**

Use a high price where there is a unique brand. This approach is used where a substantial competitive advantage exists and the marketer is safe in the knowledge that they can charge a relatively higher price. Such high prices are charged for luxuries such as Cunard Cruises, Savoy Hotel rooms, and first class air travel.

4.3 Promotion Strategies:



While promotion is "manipulative" and from the seller, communication is "cooperative" and from the buyer with the aim to create a dialogue with the potential customers based on their needs and lifestyles. It represents a broader focus. Communications can include advertising, public relations, personal selling, viral advertising, and any form of communication between the organization and the consumer.

- **Advertising – a mass media approach to promotion:** OTOBI use a lot of approach for their promotion.
- **Outdoor:** usually outdoor communication means Billboard, signboard. Banner, festoon etc.



- **Magazines / newspapers:** they use different types of advertisement in Magazine and newspapers. Especially when this company runs any special offer for their customer and for occasional campaign.
- **Television:** Television is another important media of promotion now days.
- **Radio:** Radio become another very popular media in Bangladesh.
- **Sales promotion - price / money related communications:** There are various types of sales promotion used by the company. They are as follows:

→ Coupons

- Discounts
- Competitions
- Loyalty incentives



Public relations - using the press to your advantage

- Press launches
- PR events
- Press releases

Personal selling – one to one communication with a potential buyer

- Salesmen
- Experiential marketing
- Dealer or showroom sales activities
- Exhibitions
- Trade shows



Direct marketing - taking the message directly to the consumer

- Mail order catalogues
- Bulk mail
- Personalized letters
- Email

- Telemarketing
- Point of sale displays
- Packaging design

Digital marketing – new channels are emerging constantly

- Company websites
- Social media applications such as Facebook or Twitter
- Blogging
- Mobile phone promotions using technology such as Bluetooth
- YouTube
- E-commerce.

4.4 Distribution strategies:

In the era of Internet, catalogs, credit cards and phones people neither need to go anyplace to satisfy a want or a need nor are limited to a few places to satisfy them. Marketers should know how the target market prefers to buy, how to be there and be ubiquitous, in order to guarantee convenience to buy. With the rise of Internet and hybrid models of purchasing, Place is becoming less relevant. Convenience takes into account the ease of buying the product, finding the product, finding information about the product, and several other factors.

Product Distribution Strategy

The locations you choose to sell your products can make or break you, based on how they affect your profit margins and brand. Creating a product distribution strategy should include a careful analysis of where your target customers buy similar products so you can make it easy for them to find and purchase from you.

Head office

OTOBI control is total operational activities centrally from the head office which is located in Gulshann Dhaka.

Plot 12, Block CWS (C), Gulshan South Avenue, Gulshan 1, Dhaka 1212, Bangladesh,
Tel 8833151-60, 9863219-20, FAX 8802 8855207

Email info@otobi.com.

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Branch office:OTOBI has18 main branches with over 400 dealer operation. These branches are located in the prime location of all big city and dealer operations are spread all over the country.

Logistics: Logistic is another important term in business. Now a day it is very difficult to run business without a balanced logistic support. OTOBI has a strong concentration on it.

Supply chain Management:OTOBI has a strong supply chain department who taking care of their sourcing. OTOBI import most of their raw material from foreign country. They also have to source from local market.

Target marketing:

Review target customer profile. In addition to demographics such as age, sex and income level, **evaluate your target customer's need for your product.** This will tell you to what lengths your customer might be willing to go to get what you're selling. This will also help you assess where your customers are likely to shop. For example, younger customers are more likely to use smart phones for shopping, while older buyers might be more willing to purchase from a direct mail flier or catalog. Consider holding a focus group or taking a survey of your target customer to find out where she prefers to purchase your type of product.

Analyzing Competition:

Look at where competition is selling. This can tell where competitors are getting most of their customers. Put more stock in the strategy of an older company that has had years to assess the marketplace than in the strategy of a new competitor trying to break into marketplace.

Evaluate Total Cost of Sales:

Evaluate the total expense of using each of the distribution channels on the list created. For example, selling on website will require shopping cart software, staff to process the orders, credit card processing fees and shipping expenses. Using a wholesaler will require you to ship the items to the wholesaler, pay a commission and possibly support the wholesaler with printed sales materials and staff training. Using direct mail or catalogs might require spending money on graphic design, printing, mailing list purchases and mailing services. Contact and negotiate with potential partners during this stage.

Assess the Impact on Sales:

Some distribution channels might generate more sales but increase expense per sale. Other places can sell might reduce your sales but offer you such low selling costs that you make a higher profit. Run scenarios that evaluate the likely effect on total unit sales and profit margins to determine how each potential distribution channel might affect profits.

Consider Brand Impact:

Examine the impact any distribution channel will have on brand, or image. If company makes an upscale product, selling it in a big-box store can cause company customers to question

whether you make a superior product. Allowing a third-party online retailer to sell product associates company with that e-tailor's brand and reputation.

Put It All Together:

Once a company knows exactly who their target customer is, what his image of company brand is and where he shops, chooses the distribution channels that make it easy for him to get their product, don't damage image and are cost-effective at providing the profit margins a company need. **Consider testing new distribution channels before commit to them.** For example, you might try a distribution channel in one geographic area or test one via an invitation to a small percentage of customers.

4.5 Competitor:

There is a good competition in non brand furniture market in Bangladesh. But the completion is not equal in branded furniture market. Some are set their standard too high than others. Some others are trying.

- **HATIL**

Hatil is the second largest wooden furniture manufacturer of Bangladesh. They mainly focus in wooded home furniture. Recently they have started other type's furniture production.

- **PARTEX FURNITURE**

Partex furniture limited is another strong competitor of the furniture market. They produced all types of furniture for their customer. Recently they are focusing more on office furniture and customized products.

- **NAVANA FURNITURE**

Navana Furniture Ltd. is one of the leading furniture manufacturers in Bangladesh. They started their journey from 29 May 2002. Till than they are trying to have their position in Bangladeshi furniture market.

- **Akhtar Furnishers Ltd.**

Akhtar Furnishers Ltd. is a leading furniture manufacturer & distributor company with a heritage of over 34 years. They have built their business by focusing on our brands ISO 9001: 2008 Certification is honored to the firm at the year of 2001. Stream lining how they work and improving their customer service, quality, innovation and insight into the evolving needs and tastes of customers. Now they are enriching their product range with office solution as well as office furniture by aligning ourselves around a clear common goal. In the future, their brand will do even more to add new contemporary slim designs furniture which will cater

customers needs as they desired. Since 1976, we are manufacturing, supplying, and exporting high quality wooden furniture to fabricate a home.

- **BROTHER’S FURNITURE**

Brothers Furniture Ltd. is a name that is synonymous with fine quality Victorian and Modern productions. Their professionals have a combined experience with furniture productions of over three decades. Their technical skills and experiences are not only limited within the territory of Bangladesh, rather it has broadened throughout the whole world. The sales and decorating staff have only but one mission, to assist and help you to become a satisfied client.

- **NADIA Furniture Ltd**

Since 1991, **NADIA Furniture Ltd.** has gradually become a promising name in the arena of furniture manufacturing industry of Bangladesh. In order to deliver furniture products to the domestic and global customers and to satisfy them, NADIA believes in maintaining quality and elevated standards of service.

- **LEGACY FURNITURE LTD.** Was founded in 1995 when it started as a small start up occupying a 200 sft workshop and total manpower strength of 3. Today it has grown into a company occupying a total retail outlet space of 50,000 sft. Spread over seven locations all over Bangladesh. Legacy employs a diverse work force of about 500 team members to support its operations. The company produces over 50,000 units of finished furniture yearly and ships them to customers throughout Bangladesh

- **ATHENA’S Furniture and Home décor**

Athena’s furniture and Home décor is one of the sister concerns of century old Anwar Group of Industries. Athena’s started its journey in 2004 with eye catching; artistic Victorian & Italian design, with a strong commitment about maintaining quality furniture & services with high ethical standard.

- **Noksha Furniture Ltd**

Noksha Furniture Limited started its journey in collaboration with its sister concern “Quality Agro Forestry Limited (QAFL)”. Quality Agro Forestry Limited exporting 100% of its production to various countries like Japan, UK, Italy, USA, France etc.

Due to local demand and to display the quality products exported and accepted worldwide, Quality Ago Forestry Limited introducing its products through its brand concern Noksha Furniture limited for the first time in Bangladesh. Noksha furniture limited is such type of Aristocrat name where they think customer priority and their expectation. Noksha Furniture limited is dedicatedly working in design accepted worldwide and introducing to the local market.

Chapter 5: Problems identified

- The current marketing strategy of the organization regarding B2B is at a very primary stage. The only existing B2B relationship with the firm is with its authorized dealers. Rebate/ discounts are offered to the dealers and incentives are also provided based on sales target basis.
- The firm functions solely based on B2C basis where consumers directly approach the firm in order to purchase. The existing marketing approach to address directly the consumer is TVC and sales promotion ads. Attending different fairs related to the industry (i.e. Housing Fair, rehab Fair). But the most response is achieved through Dhaka International Trade Fair.
- The company has no target market based and product based marketing strategies and it has no Above The Line (ATL) and 2 Below The Line (BTL) campaign in particular.
- The company's positioning strategy needs upgradation.

Chapter 6: Recommendations and Conclusion

6.1 Recommendations:

- The reputed furniture brands increase production and supply chain layers in order to maintain brand image, so the company can quote for less price. For that reason, a holistic approach is needed targeting both the B2B and B2C relationships is needed to increase brand awareness and brand recognition.
- A rebate should be provided to every B2B purchase. Based on the current industry practice, it should be 5%. In addition with this, a promotional percentage on the listed price should also be introduced. Based on the current industry practice, it should be 4%.
- The Sales Representatives & Zonal Managers achieving the highest sale around the year would be awarded with a trip abroad with another 3 family members. The B2B vendors' wives would be contacted through the HR team constantly letting them know about the jewelry offers on the market (affordable & reasonable enough for the company) & motivate their spouses to achieve a semi-annual sales target.
- Above The Line (ATL) directly addresses the end consumer of the product. The underlying reasoning for emphasizing on this is many of the product differentiation hasn't been communicated properly. So a range of TVC's should be conceptualized via several meetings with advertisement firms based on the Category, Focused/ Key Features, Price Range, Target Group, Advertisement Concept, Pay Off Line.
- Below The Line (BTL) advertising for the products would be sponsoring or organizing programs which would be related to Safety and Security.

6.2 Conclusion:

It is impossible to have a clear -cut idea of an industry within a short time. But according to my observation this industry is suffering from a tremendous problem in following areas, which are the main obstacle for the industry's optimum growth.

Furniture Industry is in developing stage. Gradually it is trying to figure out its system fall and week comer. In spite of many problems, furniture industry is growing faster. Hope it will be a systematic and standard in future and will have a great contribution in our economy.

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