



**PRICING STRATEGY: A STUDY ON STIDC FURNITURE VENDOR UNDER
THE STIDC FURNITURE VENDORSHIP DEVELOPMENT PROGRAMME (PPVP)
IN SARAWAK**

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EXECUTIVE SUMMARY

This paper examines the issue of pricing strategy of STIDC Furniture Vendor Under The STIDC Furniture Vendorship Development Programme (PPVP) In Sarawak. The objectives of this study is firstly to identify types of pricing strategies available for STIDC furniture vendors, secondly, to identify the types of pricing strategies commonly used by STIDC furniture vendors and lastly to recommend suggestions to improve STIDC furniture vendors pricing strategy. 44 respondents were involved particularly STIDC furniture vendors in order to know the types of pricing strategy they currently adopt and to have their opinions and suggestions as well as recommendations to improve the pricing strategy of their furniture products in the market. Several techniques are used in order to identify their pricing strategy involving Frequency Distributions, Average Mean Score, Correlation Analysis and Cross Tabulations. Average Mean Score showed that Contribution Pricing has is the most common pricing strategy used by STIDC furniture vendors while correlation analysis shows that Target Pricing is the most significant relationship with the vendors' furniture product pricing in the market. Several suggestions and recommendations are also included as a result of the study especially from the respondents' feedbacks.

CHAPTER 1 : INTRODUCTION

1.1 Background

Furniture making industry is one of the production sectors involving many small and medium sized status companies (SMI) with paid up capital of less than RM2.5 million or with less than 75 workers. (Haji Bojet, 2007)

In 2003 it is revealed that the value of national export of furniture was RM5.7 billion; RM25 million from the national export value are from Sarawak. (Datu Haji Len Talif Salleh, speech from Opening Ceremony of STIDC Furniture Industry Complex, Kota Samarahan, 2004)

One of the main challenges of furniture industry today is the practice of open trade such as the Asean Free Trade Area (AFTA). Other challenges are the changes of design trend in the local furniture market, the increasing number of imported furniture and also the great "price war" in the open market contributes to the decreasing of trade margin making furniture producers more productive and cost effective. (Datu Haji Len Talif Salleh, statement from Buletin Usahawan 5th edition, Number 1/ 2007)

STIDC through its STIDC Furniture Vendorship Development Programme are able to increase its number of registered Bumiputera vendors from 13 companies 2006 to 47 companies in 2007. The programme is also successful in increasing its

CHAPTER 2 : LITERATURE REVIEW

2.1 Conceptual Framework

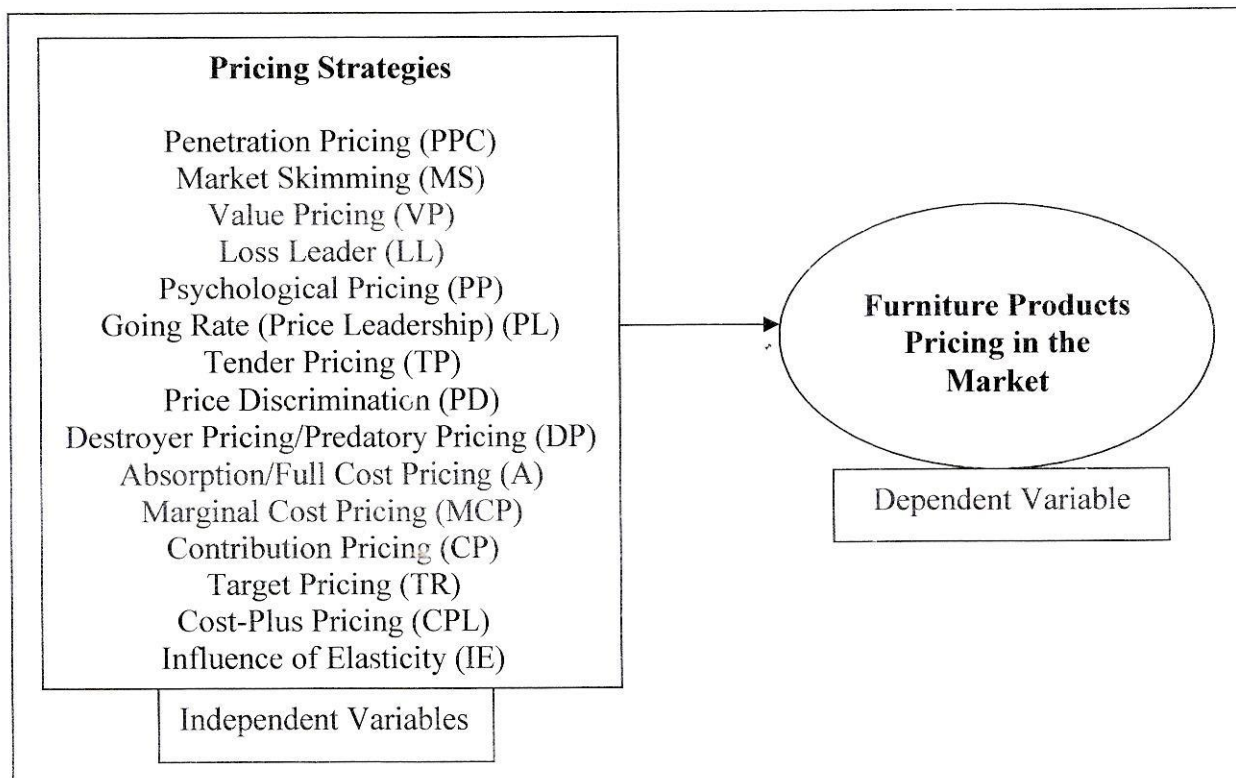


Figure 2.1 : Conceptual Framework

The pricing strategies listed in fig. 2.1 above are identified as the independent variables in this study. All these pricing strategies are identified as the independent variables due to the fact that they are the major elements contributing to the price of furniture products offered in the market by STIDC furniture vendors.