

Customer-Driven Marketing Strategy at Era Fabrique Sdn. Bhd.

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ABSTRACT

This case is about Era Fabrique an interior design and furniture company established by Aman Asnida in 2001. Era Fabrique positions itself as a one stop interior solution centre, offering a complete range of design and build services for the transformation of property. Era Fabrique's has always focused on their government institutions customers. Changes in the external factors (environment and industry) have brought some challenges and issues which affect Era Fabrique's current business performance and may need them to re-assess their situation and review on their current marketing strategies.

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**ERA FABRIQUE SDN. BHD. MEETING ROOM, MONDAY 18TH
APRIL 2016, 9.00AM**

Puan Aman Asnida³ the Managing Director of Era Fabrique was in a routine quarterly meeting with Hamza the Operations Manager of Era Fabrique.

Hamza : I dread to report this Puan, from the looks of it, this year we are not going to successfully kick off all the proposals that were completed in the first quarter. At least six of our regular government customers called up to either cancel or put their design and build projects on hold.

Aman Asnida : What seems to be the problem Hamza?

Hamza : This is due to the sluggish economic condition. Our clients have been instructed to re-evaluate allocation of budgets as the governments have cautioned departments and agencies to spend prudently.

Aman Asnida : This doesn't sound good. Our company is at risk since 90% of our current customers and more than 70% of our sales come from the government market or agencies.

Hamza : I agree Puan, even though we managed to sell 200 quantities of our new lines of pine 'inspired' furniture (Figure 1) to the end consumers at the Ipoh Furniture Fair last December, I don't think this would buffer us enough against loss of project from the government customers.

Aman Asnida : Yes, surely we cannot let this happen... the strategy to create the new lines of pine 'inspired' furniture came out of the blue since you know right Hamza how long I had to do the job of a Marketing Manager since that post was vacant. We need to move fast or else we are at risk of incurring loss. We need to capture business opportunities and generate more sales, 1st half

³ Puan is a respectful greeting for married females in the Malay language.

of the year is going to end in 2 months' time. We need to bring forward the date for the new Marketing Manager to report duty since we are out of time and cannot wait... it is crucial for us to establish new marketing strategies. I am wondering whether we need to do more promotion to attract other government customers or it is time for us to take on new and bold strategy like tapping new customer markets or thing like that you know... I cannot do it alone... my current work is on top of me... I need somebody experienced in marketing to assist me... I am looking forward to discussing with our new Marketing Manager, Encik Isa Mohd is his name right?

Hamza : Yes Puan, according to schedule Encik Isa Mohd⁴ will report for duty on Tuesday, the 3rd of May, two weeks from now Puan.

Aman Asnida : Call and ask him if it is possible for him to start work next week Monday, 25th April.

Hamza : I will arrange it immediately Puan.

Aman Asnida : Encik Isa Mohd first task as our new Marketing Manager is to develop a marketing strategy for our company.



Source: Era Fabrique Sdn. Bhd. Records

Figure 1: New line of Pine 'Inspired' Furniture

⁴ Encik is a respectful greeting for males in the Malay language.

THE BEGINNING

Aman Asnida initially established Era Fabrique as a sole proprietorship in 2001. It was meant to supplement her full-time job in Hong Leong Bank because her husband was diagnosed with lung cancer and Aman Asnida was then the sole bread winner. However only in 2004 Era Fabrique started its operations as a canteen business. While operating the business, Aman Asnida also did various small jobs fulfilling government contract and orders on food as well as orders related to upholstering and carpeting on demand basis. After five years of business, confident with the experience and network that she gained coupled with her passion for the creative and design field, Aman Asnida operated her business full time. She decided the focus of her business was in the design and furniture industry. In the year 2014 Era Fabrique had expanded from sole proprietorship to a private limited or Sendirian Berhad (Sdn. Bhd.) company in Ipoh, Perak (Figure 2), with its own office and a small-scale factory (Figure 3). In total the company had 17 employees altogether from only 6 employees when Era Fabrique initially started.



Source: Era Fabrique Sdn. Bhd. website

Figure 2: Era Fabrique Office (right) and Factory (left)



Source: Era Fabrique Sdn. Bhd. record

Figure 3: Era Fabrique Factory

BUSINESS OPERATIONS

Era Fabrique Sdn. Bhd. in the Managing Director's words was a one stop interior solution and furniture company which provided a complete range of design and build services for the transformation of a property. Among the services offered were interior design consultation (e.g. concept design, drawings), renovation and joinery works (e.g. dry wall, ceiling, flooring, build in and customized furniture, counter tops), engineering services (e.g. electrical wiring, IT systems) and manufacturing and supplying office or home furniture (e.g. office chairs, sofas and tables). Although these services were not necessarily offered separately, Era Fabrique believed that when all these services were done for their customers under an integrated workflow, it provided customers time efficiency, consistent work quality as well as savings in terms of costs. This was reflected in the company's visions which were 1. 'To be superior in design and space planning', 2. 'To be a one stop centre which provide design services and furniture in the commercial and domestic sector and 3. 'To skillfully lead in the production of office furniture in and outside the country'. Era Fabrique small-scale factory although equipped with manual production facilities was an added advantage for the company to customized their customers' needs and request

and lived up to their unique selling proposition which was ‘Your One Stop Interior Furniture Centre’.

Era Fabrique’s main customers were 90% from the government market while 10% were from the end consumer market. Some of their previous clients were Perak state government institutions or state agencies such as The Department of Statistics, The Religious Department, The Department of Mineral and Geoscience, Ipoh City Council, District Offices in Perak, and Perbadanan Kemajuan Negeri Perak (PKNP) amongst many others (refer Figure 4 and 5). When dealing with government markets it usually took longer for the payments process and procedures to complete, however the government market provided secured business payments.



Source: Era Fabrique Sdn. Bhd. website

Figure 4: Completed Project for Ipoh City Council



Source: Era Fabrique Sdn. Bhd. Website

Figure 5: Completed Project for *Perbadanan Kemajuan Negeri Perak (PKNP)*

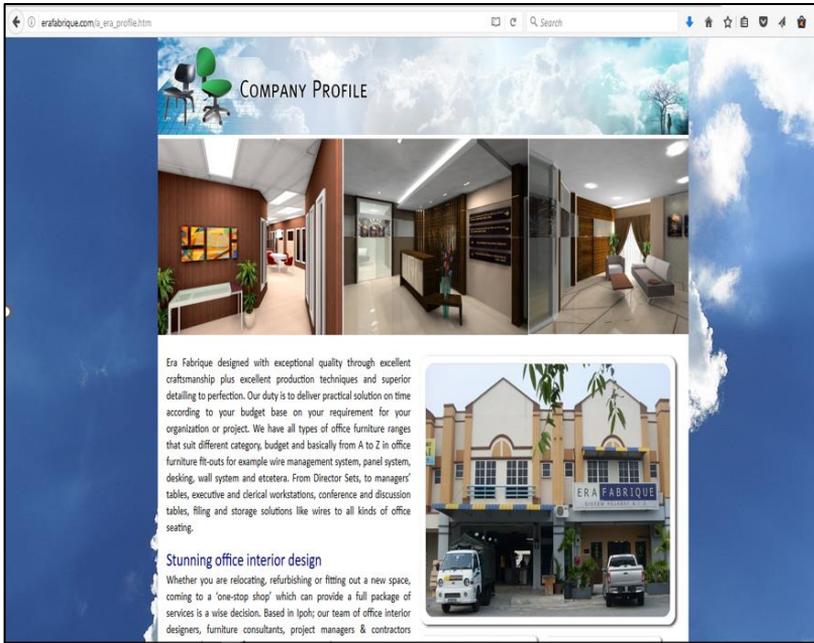
During their business relationship with the government market, Era Fabrique had also encountered various challenges. Usually in the first step of the design and build process, Era Fabrique was develop a proposal based on discussion with customers. Upon completion of proposal, quotation or build of quantities the next step was for Era Fabrique to purchase the materials and supplies according to the quotation agreed by the customers. Due to the nature of government procedures on many occasions projects from government customers would have to be on hold for various reasons such as redistribution of funds to other departments or urgent projects whereby fund initially allocated for a certain renovation or fitting projects were cancelled or put on hold because the fund had been channeled to other projects. This was a lost for Era Fabrique since initial work such as proposal, build of quantities and drawings for the project were already developed. Sometimes this happened in such a narrow timeline where Era Fabrique was ready to purchase materials and supplies to kick start and implement the project.

Other examples were that Era Fabrique had to deal with customers who demanded last minute changes on decision such as colours, pattern of wallpapers, fittings, or furniture. These requests were made after the materials and supplies had been ordered. When the demand for changes incurred a minimal cost, Era Fabrique would

have no choice but to absorb the cost involved. Nevertheless, when it involved higher costs, the project was delayed and had to be re-negotiated. Meanwhile Era Fabrique had a few completed projects done for end consumers. The relationship with end consumers was done based on referral or when customers themselves called or walk-in to their shop. If there were request by end customers, the company would not decline nevertheless Era Fabrique was more focused on serving the government customers because of the secured payment that these customers provided.

PROMOTION STRATEGIES

Since the Marketing Manager's post was vacant two years ago Aman Asnida herself oversaw the marketing strategies. Due to this, promotion was done by Aman Asnida in between juggling all other matters of the company. Era Fabrique had mostly depended on repeat customers or referrals by their previous customers. Occasionally direct marketing was done by Aman Asnida where prospective customers was called and followed up upon. On other instances Era Fabrique had participated in exhibition that was held at seminar or events to showcase and promote their company. Era Fabrique mainly used two online platforms which is their website and Facebook. The information on both platforms were similar such as the company's background and mostly on information related to projects or works done for the government sector (Refer Figure 4, 5). The information had occasionally managed to attract customers from the end consumer market. Most of the time, end consumers were not sure whether Era Fabrique catered for them as well. The information on Era Fabrique's first page of their website highlighted about 'stunning office interior design' (refer Figure 6). On another page Era Fabrique shared information on completed project but most if not all seemed to be projects for government or business segment (Figure 7).



Source: Era Fabrique Sdn. Bhd. website

Figure 6: Era Fabrique’s Company’s Profile on the Website

JOBS DESCRIPTION	PERIOD/ CONTRACT VALUE		
• Kerja-kerja membekal dan memasang kerusi di Tingkat 5 Bangunan Seri Kinca, Majlis Amanah Rakyat (MARA) Ipoh Perak.	Feb '11	•	Membekal dan memasang pintu kayu separuh kaca di Tingkat 4, Bangunan Persekutuan Jabatan Perangkaan Negeri Perak.
• Kerja-kerja membekal dan memasang cabinet seta kerusi Tingkat 7 Di Jabatan Korporat, Majlis Bandaraya Ipoh.	Mac '11	•	Kerja-kerja tambahan membekal dan memasang panel sesekat berfabrik di Pejabat Perhubungan Awam, Majlis Bandaraya Ipoh.
• Kerja-kerja merekabentuk, membekal dan memasang kaunter untuk Jabatan Perancang Bandar, Tingkat 6, Majlis Bandaraya Ipoh.	Mac '11	•	Kerja-kerja merekabentuk, membekal dan memasang kabinet di Majlis Agama Islam dan Adat Melayu Perak Darul Ridzuan.
• Membekal dan memasang "Frosted Sticker" di Bilik Pegawai Jabatan Perlesenan Tingkat 2, Majlis Bandaraya Ipoh.	Mac '11	•	Membekal dan memasang kabinet tinggi di bilik mesyuarat Tingkat 5 Ogos '11 Bahagian Kesihatan di Majlis Bandaraya Ipoh.
• Kerja-kerja merekabentuk, membekal dan memasang cabinet di Bilik Pengarah Bahagian Kesihatan Tingkat 5, Majlis Bandaraya Ipoh.	Mac '11	•	Kerja mereka bentuk dan mengubahsuai hiasan dalam Pejabat Pengarah Jabatan Alam Sekitar Ipoh Perak.
• Kerja-kerja membekal kaunter dan "Padedal Drawer" di Pejabat FAMA Negeri Perak.	Apr '11	•	Kerja-kerja membekal dan memasang meja pegawai di Jabatan Mineral Dan Geosains Ipoh Perak.
• Kos pengangkutan untuk mengangkut perabot dari Jabatan Perangkaan Ipoh Tower ke Tingkat 4, Jabatan Perangkaan Wisma Persekutuan Ipoh.	Apr '11	•	Kerja-kerja membekal dan memasang "Dry Plaster Board" untuk Kolej Poly-Tech Mara Ipoh Perak.
• Kerja-kerja mengecat dinding luar bangunan 3 Tingkat Asrama Pelajar Kolej Poly-Tech Mara di Rapat Setia, Ipoh Perak.	Mei '11	•	Kerja-kerja menambah panel sesekat separuh kaca untuk bilik-bilik Penyarah di Blok B di Kolej Poly-Tech Mara Ipoh Perak.
• Kerja-kerja membuka, mengganti dan memasang semula seunit "Track" baru untuk "Vertical Blind" di Tingkat 3, Jabatan Perangkaan Wisma Persekutuan Ipoh.	Mei '11	•	Kerja-kerja membekal dan memasang "Floor Mat" serta "Edging" di Kompleks KTMB Batu Gajah Perak.
• Kerja-kerja membekal dan memasang "Vertical Blind" di Bilik Pengarah di Pejabat Perunding HJRS.	Mei '11	•	Kerja-kerja mengubahsuai dalam Pejabat Baru bagi Parol Daerah Larut Matang & Selama Perak.
• Kerja-kerja membekal dan memasang meja computer di Blok A, Kolej Poly-Tech Mara Ipoh, Perak.	Mei '11	•	Kerja-kerja menggantikan pintu Tempered Glass yang pecah di aras bawah bangunan Pengurusan di Kompleks Terminal Agrribines Negara (TEMAN) perak.
• Kerja-kerja merekabentuk, membekal dan memasang ruang pameran untuk Pejabat FAMA Negeri Perak.	Mei '11	•	Kerja-kerja merekabentuk, membekal dan memasang Workstation Untuk bilik Penyarah di tingkat 2 dan tingkat 3 Blok B serta tingkat 5 Blok A untuk Kolej Poly-Tech Mara Ipoh Perak.
• Kerja-kerja merekabentuk, membekal dan memasang ruang pameran untuk Pejabat FAMA Negeri Perak.	Mei '11	•	Membekal dan memasang kabinet dapur dan bilik rumah En Rajen Di Bandar Baru Tambun.
• Kerja-kerja merekabentuk dan mengubahsuai 2 buah Bilik Penyarah di Tingkat 3, Blok B untuk Kolej Poly-Tech Mara, Ipoh.	Mei 11	•	Kerja-kerja membekal dan memasang panel sesekat berfabrik (Open Plan Workstation dan meja kerja di Jabatan Perangkaan Tingkat 3 Bangunan Persekutuan Negeri Perak.

Source: Era Fabrique Sdn. Bhd. Website

Figure 7: List of Completed Projects on the Website

FURNITURE MARKET IN MALAYSIA

The furniture market in Malaysia was strong locally and globally and forecasted for future strong growth (Ken Research Report 2016, The Star 2016) due to factors such as increase in furniture export, rising demand for Malaysian Furniture products globally, increase in trend of online shopping, increase in property sector (residential and non-residential), increase in tourism and hospitality industry and entry of new players in the markets coming into the market. The growth in furniture market of Malaysia had been largely led by the domestic factors such as supportive government policies, increasing demand and entry of new player in market such as online furniture retailers. The surge in growth was majorly originated from growth in the export market. The Malaysian furniture export in the year 2016 was recorded at RM 6.125 million which was an increase of 6.8% compared to 2015. (MFPC⁵, 2016). Trends on Malaysia furniture exports are shown in Figures 8, 9 and 10 in the appendices.

In Malaysia companies that offered furniture as their products can be in various forms for example some companies were manufacturers (manufactured and sold furniture to other businesses), some were retailers (sold furniture to consumers) and some were interior furniture companies (offered consultation with furniture products). Generally the furniture market can be categorized into two main segments which was the residential or household furniture market (end consumer market) and the non-residential or commercial furniture market (business market). The end consumer market where consumers purchased furniture for their personal consumption was the market that dominated the domestic furniture industry and competition in this market was intense. The market size for the end consumer furniture had been driven by various factors such as the increase in residential units in the country, increase in disposable income, growth of the middle-class income segment and change in customers' preference towards branded products. In Malaysia there were various industry players competing in the end consumer furniture market ranging from large to medium and small companies. Among the large retail players were Macy Home Furniture, IKEA, Teakia Furniture and Lorenzo Furniture. These larger furniture retailers faced tough competition from various

⁵ MFPC refer to Malaysian Furniture Promotion Council

small and medium companies such as local carpenter shops, local showrooms and others (Ken Research, 2016, The Star 2016).

Meanwhile the business market was a market where furniture was used or purchased by businesses such as hotels, restaurants, offices, shopping malls and other small and large business firms. The business consumer furniture market in 2015 was mainly from office and industrial furniture followed by hotel and retail furniture. Customized based furniture and contract-based furniture were the main type of furniture demanded from this market. An example of the players in this market were Casa Italy, SHH Resources, Poh Huat and Marcoco. These players were large furniture manufacturers with high technology and mass production OEM⁶ or ODM⁷ capabilities enabling them to fulfill large customized or contract-based furniture orders from business consumers.

THE MARKETING MANAGER'S OFFICE, ERA FABRIQUE SDN. BHD, MONDAY 25TH APRIL 2016, 6.00PM

Isa Mohd the new marketing manager for Era Fabrique was still in his office. He was still unpacking and sorting his things at his new office. At the same time his mind was reeling back to the conversation he had with Aman Asnida the Managing Director, on his first day of work:

Aman Asnida : We are so glad that you joined us Encik Isa. With your experience and background in marketing I have a good feeling that you are going to assist in moving forward and growing Era Fabrique's business. Your first task is to come up with a proposal on the marketing strategies suitable for Era Fabrique in response to our current situation. I need you to suggest the best possible marketing strategies that could assist our company in rejuvenating our sales, for long term and short term. You have one month to submit

⁶ OEM or Original Equipment Manufacturing refers to a firm that is responsible for designing and building a product according to its own specification.

⁷ ODM or Original Design Manufacturing refers to a firm that is responsible for designing and building a product as according to another company's specification.

and present the proposal in our next administration meeting.

Isa thought to himself: *there is no time to waste; I need to get myself equipped with relevant information about Era Fabrique so I can come up with a good proposal on future marketing strategies.*

As Isa was walking towards the door, he gave a quick glance to the files and reports on his desk and promised himself that he will review those documents first thing tomorrow.....his heart was racing with determination to complete his first task.

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