MARKETING PLAN

‘MUEBLES DE COCINA Y BAÑO HERMANOS MONFERRER, SL.’

Bachelor's Degree in Business Administration

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1. Executive summary

'Muebles de cocina y baño Hermanos Monferrer SL', is one of the most experienced companies engaged in the manufacture of furniture in the province of Castellon, since it has been dedicated specifically to this sector for 35 years.

Today, if we look at the economic environment we can see that with the current economic crisis the consumption habits of consumers are changing greatly in almost all areas. In addition to technological advances and the rise of big business, competition in this sector is growing.

With this marketing plan, we will try to give a series of proposals and recommendations for the company to adapt in the best possible way to the environment, offering products and services that meet customer expectations.
In the marketing plan, market research has been conducted where we have studied the customer habits and the different aspects which consumers consider when making the purchase decision.

Once the market research has been carried out various action programs have been undertaken, where one of the main objectives is to increase the visibility of the company.

Finally, the action plans have been quantified in the budget and the timeline temporalized. In addition, some indications will be given to control the proposed recommendations.

2. Situation analysis

2.1 Presentation of the company

I have selected the company 'Muebles de cocina y baño Hermanos Monferrer SL' for this final project.

'Muebles de cocina y baño Hermanos Monferrer SL' is a family run company which has its registered address in Onda, a town situated in the province of Castellon. This company operates both at local and regional level.
The main activity of the company is the manufacture of kitchen and bathroom furniture and furniture in general, although since its inception it has been dedicated to general carpentry. So as a business, this company falls within the industrial sector.
Currently, the company has been working for 35 years since its founding, and 23 years ago, it became a limited company.

2.2 A brief history

The beginnings of 'Muebles de cocina y baño Hermanos Monferrer SL', date back to 1979 when one of its owners opened what is now the company workshop. Later in 1981, a second owner was added to the company which then formed a community property. Later, specifically ten years later in 1991, the company changed from a community property to a limited company.

All along the life of this company there have been some events which have been important for this company. One of the most important events that happened to this company was the acquisition of a premise in 1998, which would be used as an office and showroom. After opening the showroom, the company experienced a change of direction, towards exclusive dedication to general carpentry, the use of prefabricated materials for mounting doors, kitchen and bath accessories, home furnishings, and so on.

2.3 Analysis of the environment

Before beginning the analysis, I would like to mention that some variables will be done both at national level, to see trends from a more general point of view, and at a regional level, specifically in the Valencian Community, where the company concerned is located.

2.3.1 Analysis of the general environment

To perform the analysis of the general environment, we will use the PESTEL analysis in which political, economic, socio-cultural, technological and ecological factors are included.

A) Political and legal factors.

The political-legal dimension relates to government stability and overall policy which local public administration implements in aspects such as taxation.

In 2012, specifically on September the 1st, the standard rate of value added tax (VAT hereafter) increased from 18% to 21%, the reduced rate rose from 8% to 10% and the super-reduced rate remained at 4%.

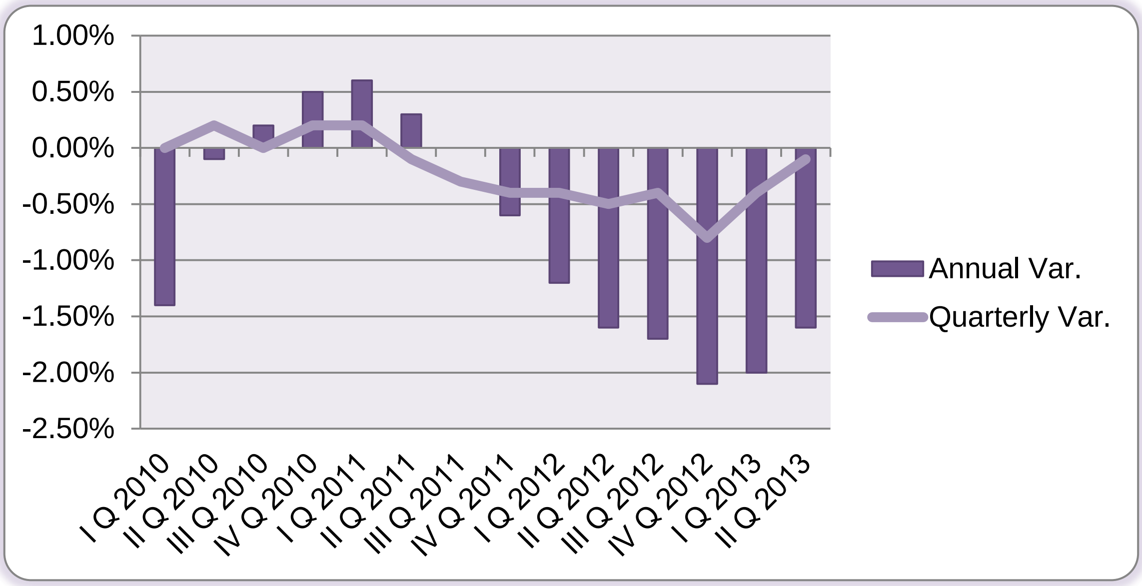
In this section it is worth noting the approval, on May the 24th 2013, of the draft Law for Entrepreneurs. This law specified that in the new fiscal year, the VAT would not be paid while the invoice was not cashed. This means that the cash system criteria will apply and not on accrual as it was up to then. This tax benefit applies to small and medium enterprises (SMEs hereafter) and freelancers who are not subject to modules and with a net sales figure of less than EUR 2 million. However we must say that on December 31st 2014, although the invoices have not been cashed, the amount relating to VAT has to be paid to the Department of Tax Revenue.

B) Economic factors.

In this dimension we will address factors such as Gross Domestic Product (hereafter GDP); the unemployment rate both nationally and at regional level, and construction figures both new construction or refurbishing, public or private sector.

We begin with the analysis from a national perspective based on the study of GDP. We will use this variable because it helps us see more generally whether the economy of a country is growing or not. Data are presented as percentages, for easier analysis, which show both the annual variation and the quarterly change. As we can see in graph 1, in the second quarter of 2013, the Spanish economy experienced an improvement in its quarterly and annual evolution, so this would be technically an exit from the recession in which it was submerged, that is negative growth for several consecutive quarters.

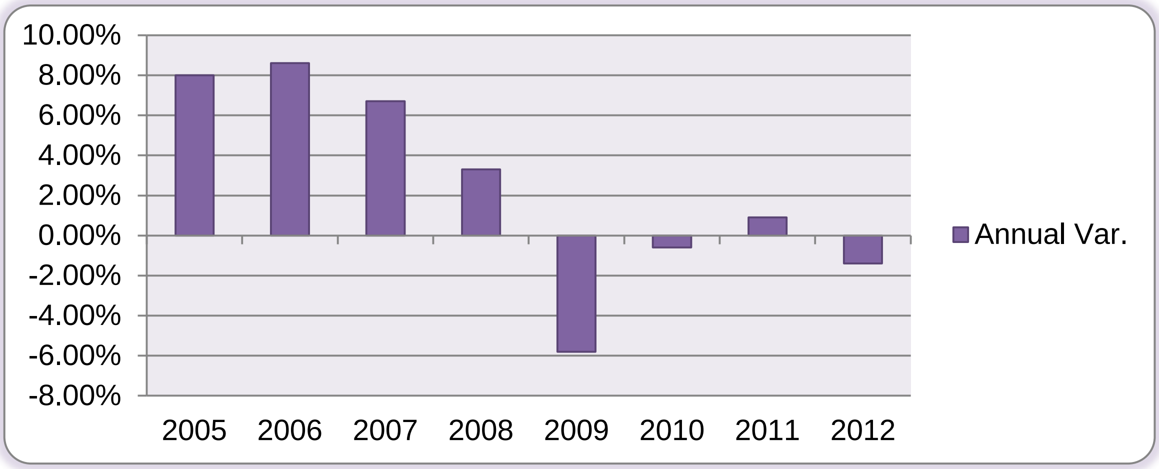
Graph 1. GDP evolution in Spain



Source: own elaboration. Data: INE

On the other hand, the company operates on a more local level, so it is pertinent to do a little analysis of the GDP of the Valencian Community. Here we present data on an annual basis. As we can see in graph 2, there is negative growth in 2012. In fact the Valencian Community had one of the worst results obtained of all the Communities in terms of economic growth. Yet the forecast is beginning to be positive, since economic data point to the fact that we are beginning to emerge from recession.

Graph 2. Annual evolution of GDP in the Valencian Community



Source: own elaboration Data: INE

Another important fact when analysing economic factors is the unemployment rate. As we can see in graph 3, in Spain very high rates of unemployment have been seen in recent years, with the younger population most affected.

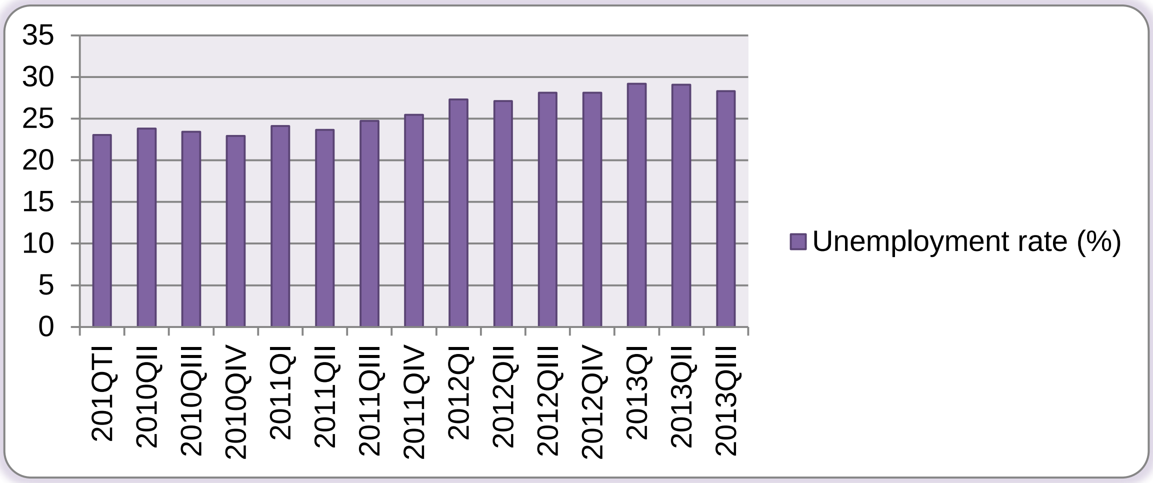
In the first quarter of 2013, an unemployment rate of 27.7% was recorded, possibly one of the highest rates recorded in recent quarters. Yet it seems that the percentage of unemployed in the second and third quarter of 2013 began to descend, with 26.26% and 25.98% respectively.

Graph 3. Evolution of unemployment rate in Spain (%)

Source: own elaboration Data: INE

After analysing this variable from the national point of view, we will see the analysis based on the data in the Valencian Community. As we can see in graph 4, the evolution of this variable at the regional level, has almost the same trend as the national level, since in the first quarter of 2013, the unemployment rate recorded one of its highest increases reaching 29.19%. As in the data at national level, during the second and third quarter of 2013 the unemployment rate begins to drop slightly, recording figures of 29.06% and 28.29% respectively.

Graph 4. Evolution of unemployment rate in the Valencian Community (%)

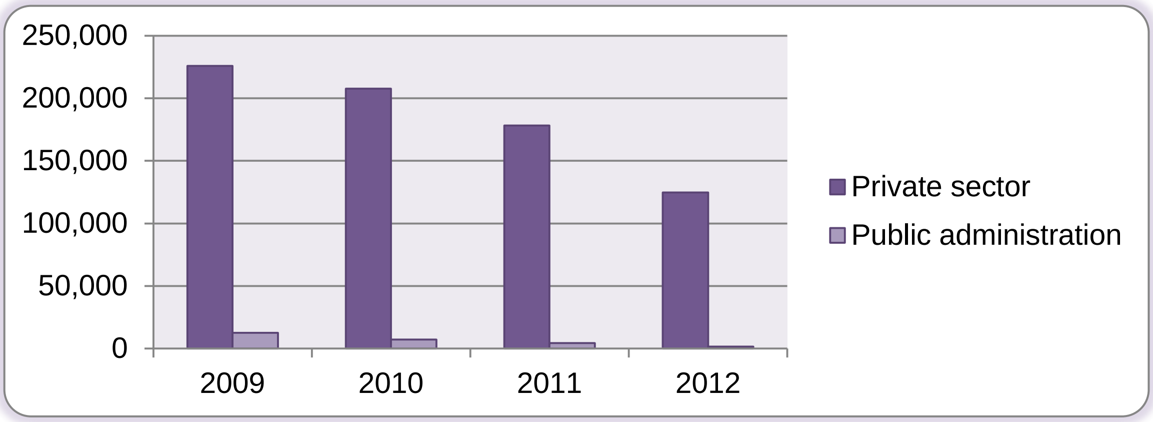


Source: own elaboration Data: INE

Furthermore, it should be noted that the OECD forecast (Organization for Economic Co-operation and Development) foresees a reduction in the unemployment rate for the year 2013.

Another factor that greatly affects this company is the Spanish construction sector: the number of new constructions, extensions and/or reforms of dwellings and buildings, whether in the public sector (public administration) or private sector. In this case, as we can see in graph 5, the numbers of homes and buildings have reduced in recent years, specifically in the analysed period 2009-2012. This decrease is directly related to the real estate boom that created the economic crisis in which we have been immersed.

Graph 5. Number of new constructions, extensions or reforms

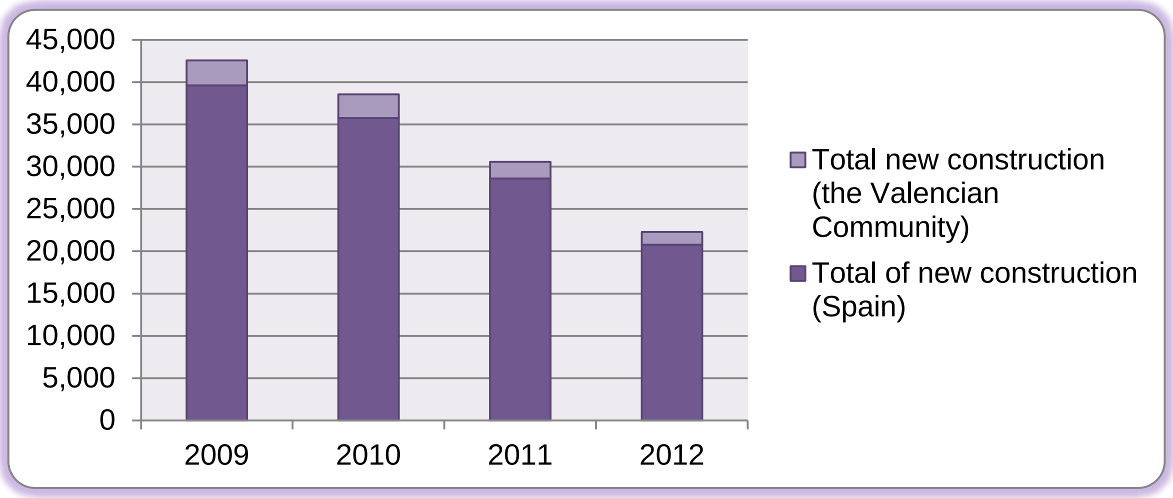


Source: own elaboration Data: INE

On the other hand, if we look at data related to new construction in the Valencian Community (without taking into account reforms or extensions) there has also been a declined in the study period, as we can see in graph 6. Although the figures are not very favourable, note that the percentages of new building construction in the Valencian Community with respect to the national total are 7.36% in 2009, 7.83% in 2010, 6.78% in 2011 and 7.43% in 2012.

Therefore we can say that the construction of new buildings has declined both at national and regional level, due to the economic situation, but compared to the national total in 2012 it has increased by 0.65%.

Graph 6. Number of new construction in the Valencian Community with respect to national total



Source: own elaboration. Data: INE

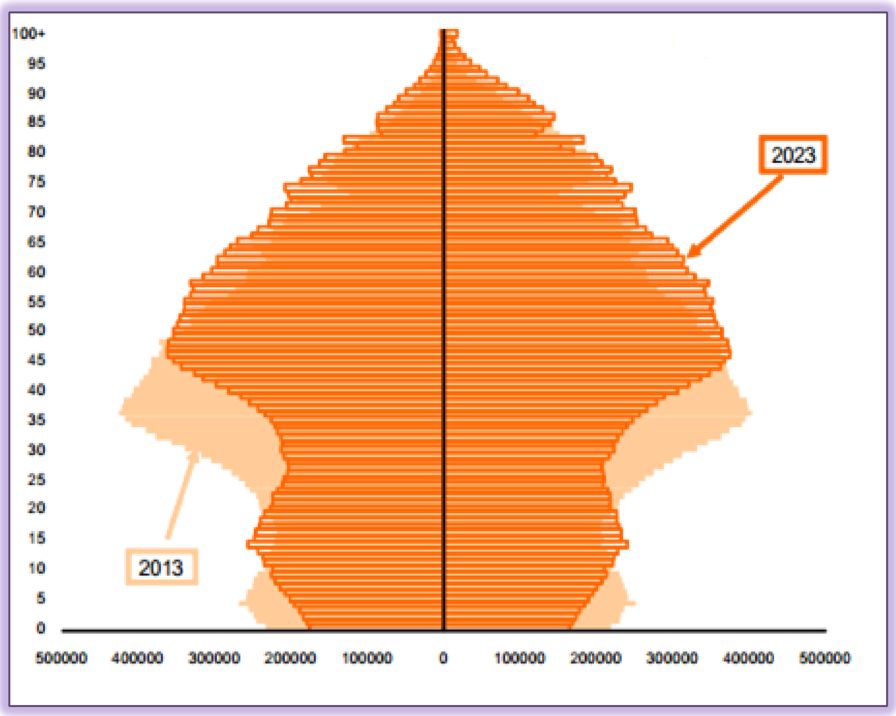
C) Sociocultural factors.

Within sociocultural factors, we will conduct an analysis of factors such as population or the population aging index both at national and regional level.

As we can see in Figure 1, the Spanish population is undergoing a process of aging. Based on the predictions made by the National Statistics Institute (INE hereafter), we see that the most abundant population is the oldest group, so this means that both long term habits, and consumer purchasing habits are changing.

For example if we look at Figure 1, we see that in 2013, the population which is more abundant ranges between 25 and 45 years of age. On the other hand, if we look at the year 2023, the trend is towards a more aged population because the population that is more frequent is from 45 to 70 years of age, which remains below the age range previously mentioned.

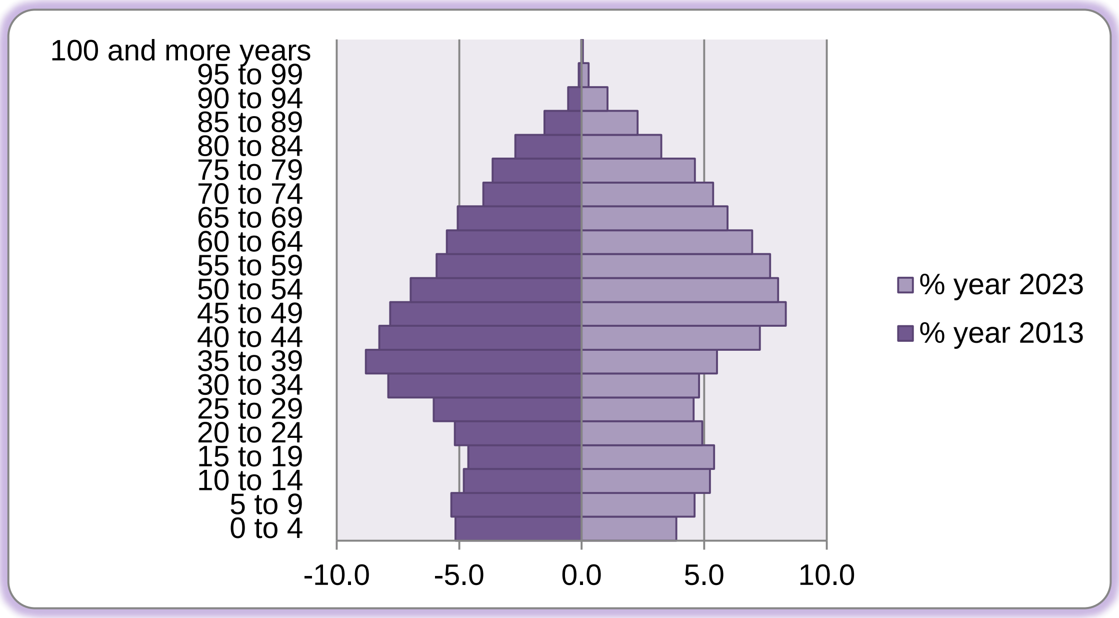
Figure 1. Population pyramid for 2013 and 2023. Spain.



Source and data: INE (press release 2013, November)

On the other hand, if we have a look at the population pyramid in the Valencian Community (Figure 2), we can see that the trend is almost the same as at the national.

Figure 2. Population pyramid 2013 and 2023 in the Valencian Community

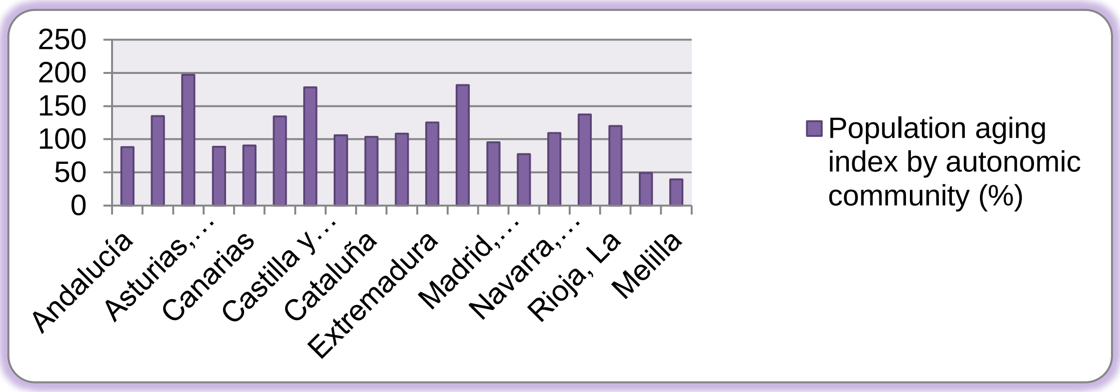


Source: own elaboration. Data: INE

We can say that the process of ageing in the population which Spain is experiencing is not uniform in all the regions, and in some it is stronger than in others, as seen in graph 7. This is due to factors which refer to dynamism or the types of municipality which make up these communities.

In this case, the Valencian Community finds itself with an aging index of 108.53%. Yet if we do a ranking of the autonomic regions by aging index, the Valencian Community would be found in middle position, since we find communities such as Asturias or Melilla with aging index rates of 39.38% and 196.96% respectively.

Graph 7. Population aging index by autonomic community



Source: own elaboration. Data: INE

D) Technological factors.

With respect to technological factors, in the present context we are constantly evolving technologically. Here we analyse the expenditure on Research and Development (R & D hereafter) at national level. In Table 1 we can see the total expenditure in thousands of euros of all Spanish companies. In this case the furniture sector represents 0.22% of the total, so investment in R & D in this sector is not very high.

Table 1. Total expenditure on R&D in the Spanish furniture sector.

	Total (in thousands of €)	**%**
Total companies (Spain)	7,094,80.00	100
Furniture sector	15,901.00	0.22

Source and data: INE

It can be said that some innovations that have been established in this sector in recent years are due mainly to the so-called Computer Numerical Control (CNC hereafter). The machinery is beginning to incorporate electronic displays to improve accuracy. Curved plating systems were also introduced substituting the manual methods. Besides, as we have previously mentioned almost all the processes in this sector have been mechanized with the CNC system while trying to optimize these processes for example by improving the speed of these systems.

E) Ecological factors.

Other factors to consider in the PESTEL analysis are ecological factors.
Based on INE data from the last household and environment survey in 2008, Spanish citizens are quite conscious about the environment and 76.9% of citizens over 16 are very concerned about environmental issues. Referring to knowledge of environmental protection campaigns, 59.2% of people claimed to have knowledge of such campaigns. On the other hand, participation in environmental activities appears to be lower, at 19.1% of the population.

Finally, to conclude the PESTEL analysis we will see how each dimension affects the company through the strategic profile where VN=Very Negative, N=Negative B=Balanced, P=Positive, VP = Very Positive.

STRATEGIC PROFILE

Key environmental factors

Political and legal dimension

VAT increase

Cash basis for VAT

Economic dimension

Evolution of GDP

Unemployment rate

Reduction in number of new constructions, extensions or reforms

Sociocultural dimension

Evolution of the population

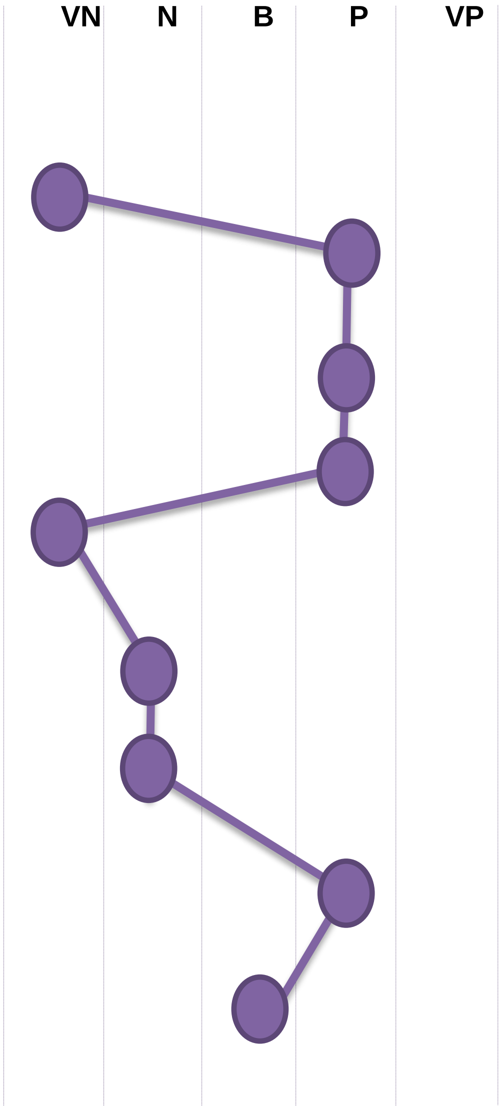
Ageing index

Technological dimension

Expenditure on R&D

Ecological dimension

Environmental awareness



2.3.2 Analysis of the specific environment.

To carry out the analysis of the specific environment we will use the model of the five competitive forces of Porter. In this case, the market which we will analyse will be the furniture market in general. The five competitive forces that make up the model are as follows: rivalry among existing competitors, bargaining power of customers, bargaining power of suppliers, threat of substitute products and the possibility of new competitors.

When we consider existing competition, we make reference to rivalry and the number of competitors within the industry. In this case, we can say that direct competition is quite abundant.

With the entry of new competitors, we refer to the entry of new firms in the industry to which we refer. In this case the furniture market is a fairly saturated market. The reason for this is that demand can be satisfied immediately due to the abundance of companies working in this sector. Therefore, this situation is a barrier to entry for potential new competitors.

On the other hand, another strength of this model is the bargaining power of customers. In the furniture sector the latter have a high level of bargaining power, since they have a wide variety of companies and supermarkets to choose from, so the cost of change is quite small. Although in general the bargaining power of customers is high, for those customers who are looking for a higher quality service or product, the bargaining power will be lower and in the case of customers who instead are more price conscious, their bargaining power will be higher.
As for the bargaining power of suppliers in this market it is not very great, since there are many suppliers in this sector and many of them offer similar products.

Finally, in reference to the threat of substitute products, we can say that in the furniture market substitutes do exist. For example, a wooden table can be replaced by an aluminium table.

3. External analysis.

3.1 Analysis of the sector.

In the first place, note that the Spanish business environment consists mainly of small and medium enterprises (SMEs hereafter). This statement is backed by *Directorio Central de Empresas* (DIRCE hereafter) data in 2013. As we can see in Table 2, 99.84% of firms in Spain have less than 200 employees; it is assumed that the remaining 0.16% of companies have over 200 employees. However the same is true in the field of furniture manufacture, since apart from 0.10% of companies with more than 200 employees, the remaining percentage is made up of SMEs and micro-enterprises consequently the degree of concentration in the sector is low.

Table 2. Number of companies that compose the Spanish business environment and furniture manufacture 2013

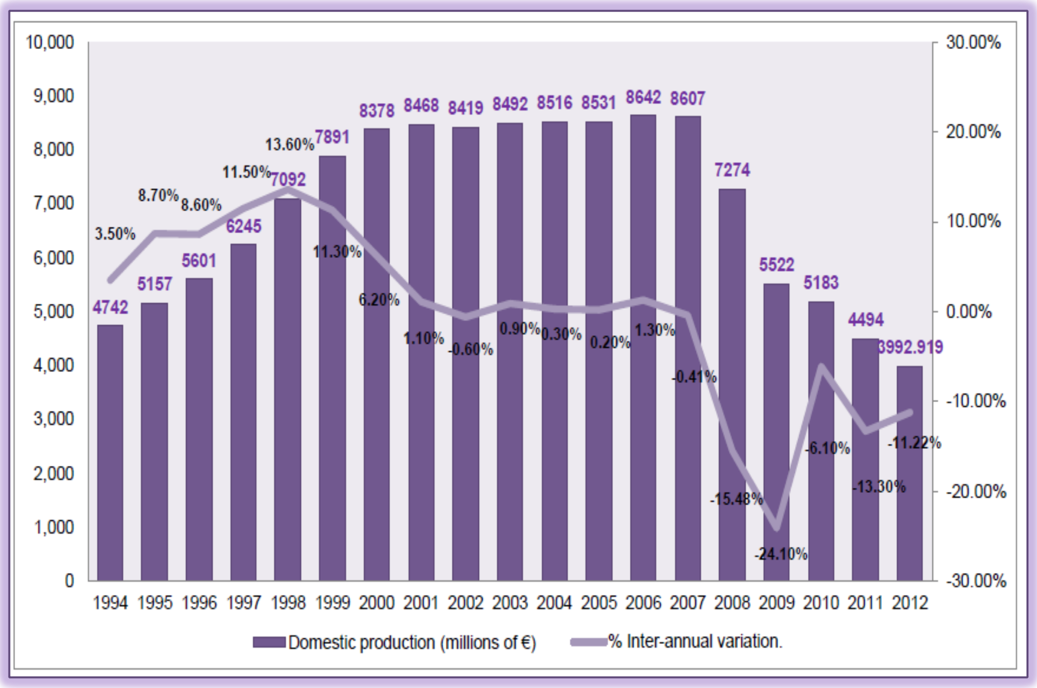
	Total number of companies.	Percentage (%).	Number of manufacturers' furniture.	Percentage of furniture manufacturers.
Companies without employees	1,681,588	53.44%	5,635	39.77%
Companies 1 to 199 employees	1,459,903	46.40%	8,517	60.12%
More than 200 employees	5,079	0.16%	15	0.10%
Total (national)	3,146,570	100%	14,167	100%

Source: own elaboration. Data: DIRCE

In this case, the market which is going to be analysed is both the Spanish furniture sector and the Valencian Community sector.

At first, we analyse the evolution of the sector at a national level with data collected from the *Instituto Tecnológico del Mueble, Madera, Embalajes y Afines* (AIDIMA hereafter). As we can see, graph 8 shows both domestic production in millions of euros, and the percentage of inter-annual variation. As we can see, the furniture production in Spain has been declining steadily in recent years, dropping to less than half from the year 2007 (in 2007, 8,607 million euros and in 2012 around 3,992 million euros). If we compare with the previous year, the production of furniture has fallen by 11.2%. Thus, by referring to the data, we can deduce that the furniture sector is not in its best moment. All indications are that the trigger for this situation was the economic crisis since the fall in production coincides with the years when the crisis began.

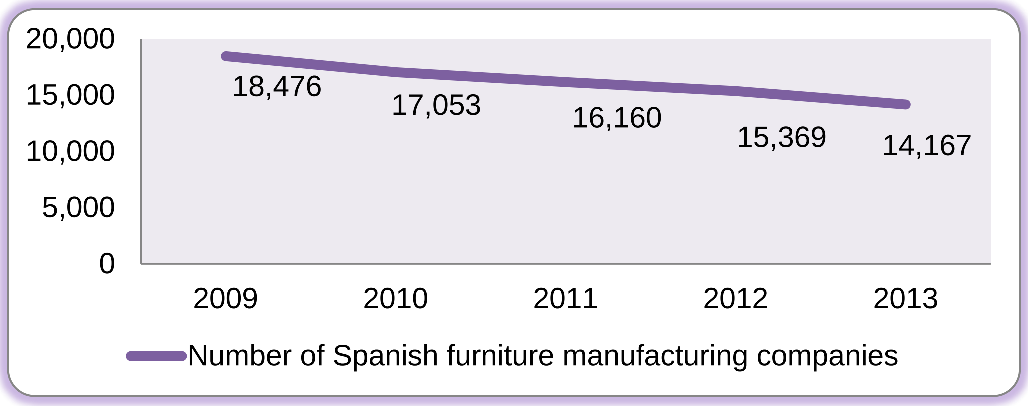
Graph 8. Evolution in furniture production in Spain, 1994-2012



Source and data: AIDIMA. Spanish furniture industry, 2013 edition

As previously seen above, furniture production nationwide has shrunk considerably in recent years. Looking at graph 9, we can say the same with respect to the number of furniture manufacturing companies, since in 2009 the number of companies stood at a figure of 18,476 companies and in 2013 it has reduced to 14,167.

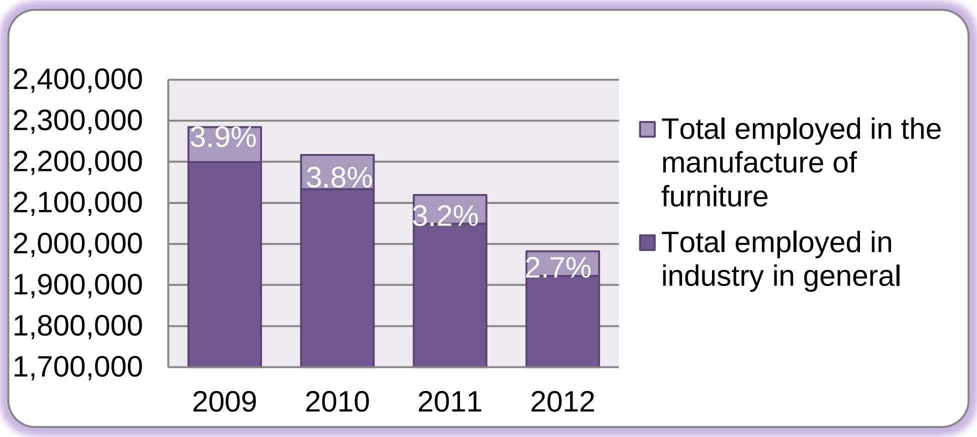
Graph 9. Evolution in the number of furniture manufacturing companies, 2009-2013



Source: own elaboration. Data: DIRCE/INE

Furthermore, graph 10 shows the number of people employed in both the manufacture of furniture, and in the overall industry. In regard to the total people employed in the industry we can see the trend is decreasing during the study period 2009-2012. In 2009 the number of people employed was 2,199,532 people, dropping in 2012 to 1,922,272 people. Turning to the people employed in the manufacture of furniture, we can see also how the number of people employed in this sector reduced in 2009 from 85,249 people to 59,718 people. Yet, despite this reduction, the percentage of people employed in the furniture manufacturing sector represents 2.7% of total people employed in industry as a whole.

Graph 10. People employed in the furniture manufacturing sector



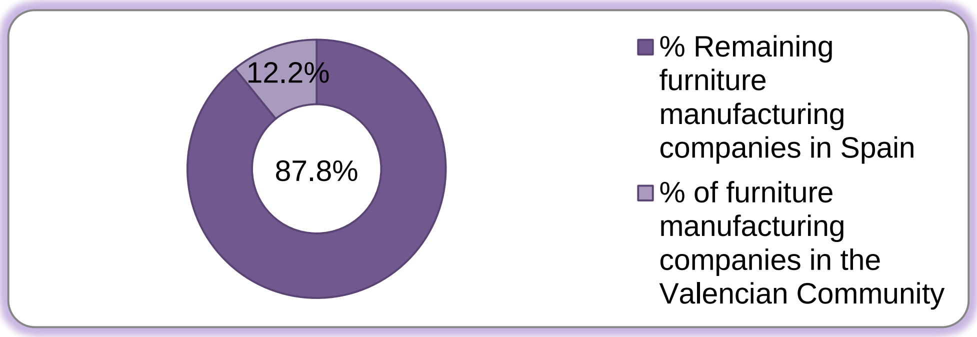
Source: own elaboration. Data: DIRCE

In the previously analysed data, with the reduction of production in this sector, even taking into account the crisis as a trigger of both reducing the production of furniture, and the number of manufacturers, we can say that the furniture market is a fairly mature market. However, the manufacture of furniture is fairly representative at national level.

When we speak of a mature market, we refer to that in which the demand and sales stop increasing, and even the weaker competitors may disappear. In addition, as discussed in the analysis of Porter's five forces above, there is fairly high bargaining power on the part of customers. With this situation in a mature market, we can say that the key for companies in this sector is differentiation.

Furthermore we will analyse in more detail the performance of this sector in the Valencian Community, as this is where our company is located. In this case, the furniture sector in the Valencian Community is quite important, because according to INE, this community is the third most important furniture manufacturer autonomy behind Andalusia and Catalonia. As we can see in graph 11, the percentage of furniture manufacturing companies in the Valencian Community is 12.2% with respect to total national furniture manufacturing companies. Therefore this sector for this autonomy is fairly representative.

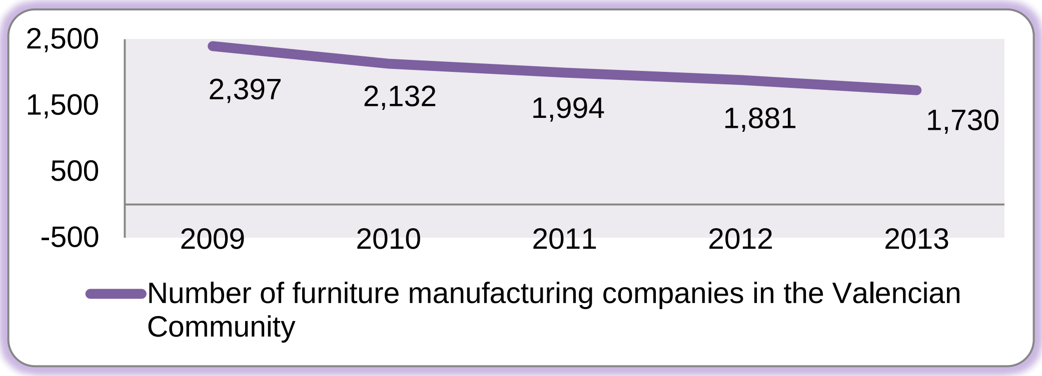
Graph 11. Percentage of manufacturing companies in the Valencian Community with respect to total national



Source: own elaboration. Data: INE

Taking into account the number of manufacturers of furniture in the Valencian Community, we can say that the trend is almost like the national. As we can see in graph 12, the number of furniture manufacturing companies in the Valencian Community has also declined since in the year 2009, the Valencian Community had 2,397 companies and in 2013 we see how this number has been reduced to 1,730 companies.

Graph 12. Evolution of the number of furniture manufacturing companies in the Valencian Community



Source: own elaboration. Data: INE

Considering the Valencian Community, based on data from DIRCE in 2013, we observe in table 3 that both the total number of companies in the industry at autonomic level and those which manufacture furniture are principally SMEs. In this case, we can also say that the level of concentration is low since, as we have already mentioned, the majority of companies which are in the sector have less than 200 employees.

Table 3. Number of companies which make up the business environment of the Valencian Community furniture manufacturing

	Total number of companies	% the Valencian Community.	Number of furniture manufacturing companies	% of furniture manufacturing companies
Companies without employees	178,459	52.93%	590	34.10%
Companies with 1 to 199 employees	158,268	46.94%	1,137	65.72%
More than 200 employees	434	0.13%	3	0.17%
Total.	337,161	100%	1,730	100%

Source: own elaboration. Data: DIRCE

Therefore, based on this analysis we can say that the manufacturing sector of the furniture aside from being fairly representative at national level, is also representative in the Valencian Community. Although in recent years, the figures in this sector have been reduced mainly due to the crisis, it remains one of the most intensive sectors, whether we speak of people employed or production level discussed above.

3.2 Total expenditure of households in this sector

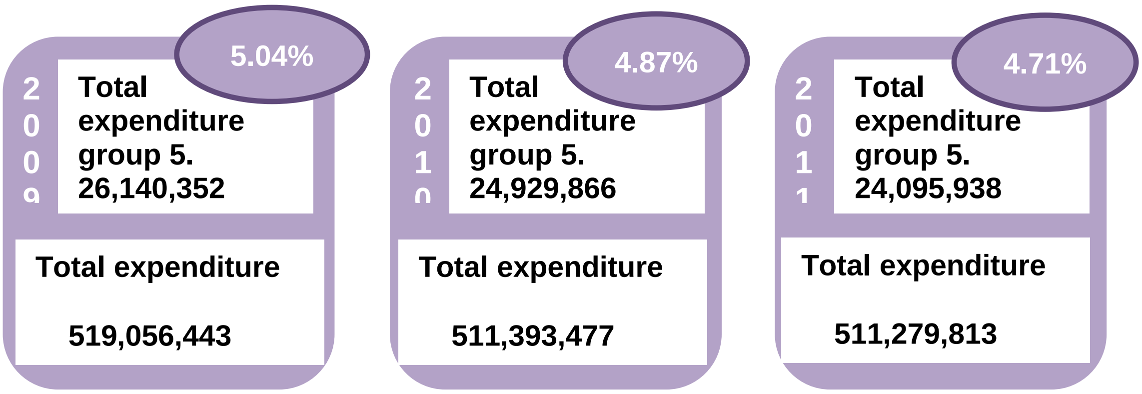
On the other hand, total expenditure on furniture will be used to analyse the total expenditure of households in this sector and also analyse the percentage it represents of total cost distributed by groups of expenditure.

In this case, the data shown by the INE survey of family budgets is only the annual household expenditure according to functional classification up to 2011. However, the trend which this variable follows can be seen. On the other hand, we can say that everything that relates to furniture is included in group 5, which corresponds to furniture, household equipment and running costs of housing maintenance.

As we can see in Figure 3, both total household expenditure and total expenditure in group 5 decreased in the period studied. Considering the total cost of the group 5 in 2009 it represented 5.04% of total household expenditure, rising in 2011 to 4.71%.

One of the causes of this decrease in expenditure is due to the fall in building construction discussed in previous sections, in addition to the economic crisis, as household incomes also experienced a decline.

Figure 3. Total household expenditure and total expenditure group 5 in thousands of euros



Source: own elaboration. Data: INE

Furthermore, analysing these data from the perspective of the Valencian Community, the INE only offers data referring to 2011.

In Table 4, we can see both the total annual household expenditure nationally and in the Valencian Community, and the total annual expenditure in group 5 also at the national and autonomic level. In this case the annual household expenditure of the Valencian Community with respect to the national total is 9.89%. Referring to Group 5, furniture, household equipment and running costs of housing maintenance, annual household expenditure of the Valencian Community with respect to the national total represents 10%.

Therefore, we can say that the expenditure in the Valencian Community with respect to the national total is quite high compared to group 5, which is where we include the furniture manufacturing sector.

Table 4. Total annual household expenditure in the Valencian Community

	Total	Group 5. Furnishing household equipment and current maintenance costs for the dwelling
	2011	2011
Total	511,279,813	24,095,938.32
Valencian Community	50,573,972	2,414,971.70

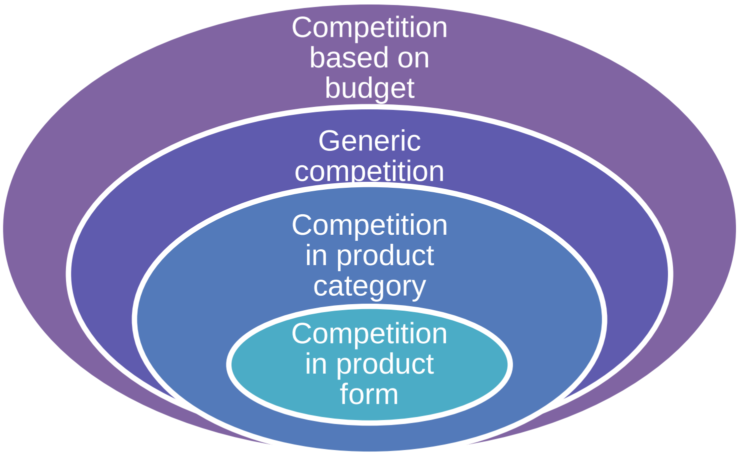
Source and data: INE

3.3 Analysis of competition

3.3.1 Classification of competition

An analysis of competition will be done in two ways: from the perspective of the consumer through competition levels (Munuera and Rodríguez, 2007), and from the perspective of the company, through the standard classification by industrial sector. In this case, the sector criteria followed in Spain is the *Clasificación Nacional de Actividades Económicas 2009* (CNAE 2009, hereafter). In first place, we find the levels of competition as we can see in Figure 4:

Figure 4: Levels of competition



Source: own elaboration

- **Competition in product form**: In this case we find those companies that are competitors because the products they offer have attributes similar to those of our company. Therefore we must try to persuade those consumers that we are targeting, that our product is better than the competitors that offer the same product form. In this case we find companies like Nou Stil SL, Juype SL, Bon Fuster, Carpinteria Isabelino Dermafust, Promad or Indecma since they are engaged in general carpentry.
- **Competition in product category**: In this case we include companies that offer similar products to those of our company, but not the same, or they lack some attribute or have different proportion and besides, offer, for example, more products that complement those of our company. In this kind of competition, we may include companies such as Leroy Merlin, El Corte Inglés, Bricodépôt, Bricomart, Ikea and Merkamueble.
- **Generic Competition**: In this type of competition we include those companies offering products that meet the same need as ours, that is, substitute products.
- **Competition in the form of budget**: In this case, we consider competitive products such as those which fight for the same customer's budget.

Furthermore, using the CNAE 2009 as a basis, we classify our business activity in group 31. Furniture Manufacturing.

3.3.2 Description of competitors

In this section, we will conduct a brief description of the competitors and some strengths and weaknesses which they have with respect to our company. Firstly, we describe those companies that compete on product form:

- **Nou-stil S.L**

It is a company dedicated to general carpentry specifically to the manufacture of wooden structures, woodworking pieces or parquet.

As for the strengths that the company has with respect to ours, their projects are bigger. In addition, they have more specialized staff.

On the other hand, they specialize more in on-site work or they are less well-known locally which represent weaknesses for this company.

On the other hand, we find companies like Juype SL, Bon Fuster, Carpintería Isabelino, Promad or Indecma engaged in the same business as our company and situated in the same locality. Any strength that may some of these companies may have compared to ours is that for example they may have more manpower. If we refer to the weaknesses, we can say that many of these companies are not as well-known as ours.

Below, we describe those competitors that compete in the same product category:

- **Bricomart**

This is a French company specialized in the distribution of DIY both for professional and for individuals and also offers a series of home furnishing products. It belongs to the ADEO group, leader in the distribution of DIY and building products. Bricomart operates in different countries in Europe.

Referring to the strengths, we find that this company offers lower prices in addition to a great variety of products. As for weaknesses we can name the following: the sizes of the products are standard and they usually are established outside urban centres.

- **Ikea**

It is a Swedish multinational company that is engaged in the retail distribution of various household goods (furniture, appliances, decor and so on). Moreover, Ikea is also a leading furniture manufacturing company.

With respect to the strengths of this company we find that it offers low prices, has a great variety of products and a high degree of recognition and acceptance. Referring to the weaknesses we can find: standard sizes, they are established outside urban centres and they do not have many stores nationwide.

- **Leroy Merlin**

It is a French multinational company dedicated to the retail distribution of all kinds of products related to DIY, decoration, construction and landscaping among other products. The strengths of this company compared to ours are: low prices and a great variety of products. As for the weaknesses: the products sizes are standard and they are located outside urban areas.

- **El Corte Inglés**

El Corte Inglés is a distribution company of Spanish origin, which has a very extensive range of products including: fashion, food, household items, home furnishing to name but a few. One of the strengths of this company is that many different products are collected in one place. Besides, their advertising campaigns are very strong. On the other hand, its main weakness is that their prices are usually high.

- **Merkamueble**

Merkamueble, is a company dedicated to selling furniture and household items. This company is of Spanish origin. One of its strengths is its low prices. As for its weaknesses, the quality of the products offered is in accordance with the price (the lower the price, the lower the quality).

- **Bricodépôt.**

It is a company that sells DIY and household products. This company has a presence in Europe. This company offers very low prices, which is one of its strengths compared to our company. As for its weaknesses we find that the quality is in line with the price (medium-low) and they are usually located outside urban areas.

4. Internal analysis

4.1 Analysis of resources and capabilities

With the analysis of the resources and capabilities, we want to identify the potential for the company and see where we can establish a competitive advantage by analysing these resources and capabilities.

Within the resources, we can distinguish between tangible and intangible resources. Tangible resources are the easiest to identify. Among these we can distinguish between physical assets and financial assets. In this case, with reference to the physical resources, this company has a warehouse, a showroom and a workshop. Besides, they also have equipment and tools of different types, as well as two vehicles for transportation. In terms of financial resources, the company has both its own and external financial resources (cash and loans respectively).

On the other hand, considering intangible resources we find the human resources and non-human resources. Within non-human resources we differentiate between technological and organizational resources. In this particular company it has technology that allows it to manufacture products according to customer needs. Regarding organizational resources, the company has a brand, a logo and a very good reputation in the area where it operates. Finally, in terms of human resources it has personnel with adaptability and experience in the sector.

Once the resources have been viewed, we analyse the capabilities of the company. Taking into account that it is a small company, we can say that it has adapted gradually to changes in the environment, so we can say that it has adaptability. On the other hand, in regard to human capability, this company has only two employees, yet it can be said that they have both a high degree of knowledge of the industry and experience.

5. Market Research

5.1 Research Objectives

The overall objective of this research is to know what the basis of decisions made by consumers is when deciding whether to buy furniture.

To do this we need to set more specific objectives in this research, which can be summarized in the different aspects we should know, such us what attributes are most valued by consumers when deciding to purchase furniture. Also, we need to know what benefits consumers are looking for when they purchase furniture, and which attributes are impediments at the time of purchase. On the other hand, we also want to know where such customers buy, or would buy furniture, and in which places customers seek information to decide where and what to buy. Finally, we also consider it important to know how customers value the treatment they receive from the people or employees who sell the product or provide the service.

5.2 Methodology

To carry out the above mentioned study, quantitative research was conducted by means of a questionnaire given to 250 people, all of whom were over 18 years old.
As a tool for data collection, we used a self-administered structured questionnaire.
The questionnaire consisted of 16 questions:

- Question 1 and 3 are closed dichotomous questions, since the respondent is given two options for responding.
- Question 2, is an open question, in our case, it serves to ensure that the respondent is from Onda, where the sample refers to.
- Questions 5 to 1, we find multiple choice questions where the respondent must choose the alternative that best answers the question. Referring to the type of information obtained, they are questions of identification and measurement of attitudes according to the Likert measurement scale.
- Questions 11 to 16 correspond to classification questions in order to get a basic description of the interviewee. These are multiple choice questions, except for question 16, which is an open question.

5.2.1 Technical details of the investigation

Table 5. Technical details

Population study	**Inhabitants of Onda (Castellon) (>18years)**
Data collection method	Structured self-administered questionnaire
Sample size	250 valid questionnaire
Sampling error	p=q= 0.5
Level of confidence	95.5%
Data of collection	1 to January 31, 2014
Questionnaire	Structured questionnaire

5.3 Analysis of results

In this section, we will make a detailed analysis of the results obtained, in terms of descriptive analysis (frequencies and averages). With respect to frequencies, we can see the results in tables, and in the case of the averages, we can see the results both in tables and graphs this way the results are more visual.

A) Gender of the sample

Regarding gender of the sample, as can be seen in Table 6, we have obtained a fairly balanced result with 47.2% of male respondents and 52.8% of female.

Table 6. Sample gender

	Frequency	Valid Percentage
Males	118	47.2%
Females	132	52.8%
Total	250	100%

B) Age of the sample

Before starting with the detailed results we can say that all respondents are equal to or older than 18.

In this case, as we can see in Table 7, the highest percentage of respondents corresponds to the age group between 30 and 39 years with 31.6%. On the other hand, the age range with the lowest percentage is for people over 70 years with a percentage of 1.6%. Lastly, we find the remaining age groups organized from highest to lowest percentage obtained: from 40 to 49 years, 26%; from 20 to 29 years, 19.2%; from 50 to 59, 12.4%; less than 20 years, 5.2%; from 60 to 69, 4% and from 70 years or more, 1.6%.

Table 7. Age of sample

	Frequency	Valid Percentage
Less than 20 years	13	5.2%
From 20 to 29 years	48	19.2%
From 30 to 39 years	79	31.6%
From 40 to 49 years	65	26.0%
From 50 to 59 years	31	12.4%
From 60 to 69 years	10	4.0%
From years or more	4	1.6%
Total	250	100%

C) Educational level of the sample

Referring to the educational level of the respondents, as we can see in Table 8, the majority of respondents have secondary studies or technical training at higher level with a percentage of 55.2%. On the other hand, the level of education with the lowest percentage of respondents is the university superior with 0.4%. In the same way as above, the remaining levels of studies are organized according to the percentages obtained (high to low): secondary (EGB, FP medium), 25.2%; university diploma, 16%; Primary (up to 12 years), 2.4% and without studies, 0.8%.

Table 8. Educational level of the sample

	Frequency	Valid Percentage
Without studies	2	0.8%
Primary studies (up to 12 years)	6	2.4%
Secondary studies (EGB, FP medium)	63	25.2%
A levels (Spanish Bachiller), FP superior	138	55.2%
University diploma	40	16.0%
University superior	1	0.4%
Total	250	100%

D) Principal occupation of the sample

Here we see the principal occupation of the sample. In this case, the highest percentage corresponds to people who are working 46.8%, however the lowest percentage corresponds to retired people with a percentage of 4.4%. Following the above line the remaining percentages are organized from highest to lowest percentage: students, 18.8%; unemployed, 17.2%; housewives, 12.8%.

Table 9. Principal occupation of the sample

	Frequency	Valid percentage
Student	47	18.8%
Housewife	32	12.8%
Working	117	46.8%
Retired	11	4.4%
Unemployed	43	17.2%
Total	250	100%

E) Total monthly income of respondents

In this case in Table 10, we can see that the majority of respondents, namely 57.6%, have a monthly income from €1501 to €2000. If we refer to incomes over €2500, the percentage is 0% since none of the respondents have income above that amount. On the other hand, the remaining percentages from highest to lowest are the following: income of from €1001 to €1500, 35.6%; income of €0-€1000, 4.8%; income of €2001 to €2500, 2%.

Table 10. Total monthly income of respondents

	Frequency	Valid percentage
€0-€1000	12	4.8%
€1000-€1500	89	35.6%
€1501-€2000	144	57.6%
€2001-€2500	5	2.0%
More than €2500	0	0%
Total	250	100%

F) Number of household members in the sample

In this case as we can see in Table 11, we refer to the number of household members in the sample. The highest percentage (44%) corresponds to households with 4 members and the lowest percentage (0.4%) corresponds to households with 6 members. The remaining percentages are the following: 35.2%, households with 3 members, 14.4% households with 2 members; 4.8% households with 5 members; 1.2% households with 1 member.

Table 11. Number of household members in the sample

	Frequency	Valid percentage
1 member	3	1.2%
2 members	36	14.4%
3 members	88	35.2%
4 members	110	44.0%
5 members	12	4.8%
6 members	1	0.4%
Total	250	100%

G) Purchase in or visit to a furniture store or similar in the past 12 months

As we can see in Table 12, we note that 38% of the people interviewed have visited a furniture store or have purchased some furniture in the last 12 months. By contrast, 62% of respondents have not visited any furniture store nor purchased furniture in the last 12 months.

Table 12. Purchase in or visit to a furniture store or similar in the past 12 months

	Frequency	Valid Percentage
Yes	95	38.0%
No	155	62.0%
Total	250	100.0%

H) Changing habits in the decision to change the furniture due to the economic situation.

As we can see in Table 13, with respect to the habits when deciding to change the furniture due to the economic situation, 74.8% of the sample said yes they had changed their habits when deciding whether to change furniture or not. Therefore, 25.2% say that their habits when deciding whether to change their furniture had not changed due to the economic crisis.

Table 13. Changing habits in the decision to change the furniture due to the economic situation

	Frequency	Valid percentage
Yes	187	74.8%
No	63	25.2%
Total	250	100.0%

I) Frequency of furniture renewal.

If we look at Table 14, we can see that the majority of respondents (54.4%) renew their furniture in a period of over 15 years. On the other hand, 38.8% say that they renew their furniture in a period between 10 to 15 years, 7.6% do so between 5 and 10 years and none of the respondents do so in a period of less than 5 years.

Table 14. Frequency of furniture renewal

	Frequency	Valid percentage
Less than 5 years	0	0%
Between 5-10 years	19	7.6%
Between 10-15 years	95	38.8%
More than 15 years	136	54.4%
Total	250	100%

J) The importance of attributes when buying furniture

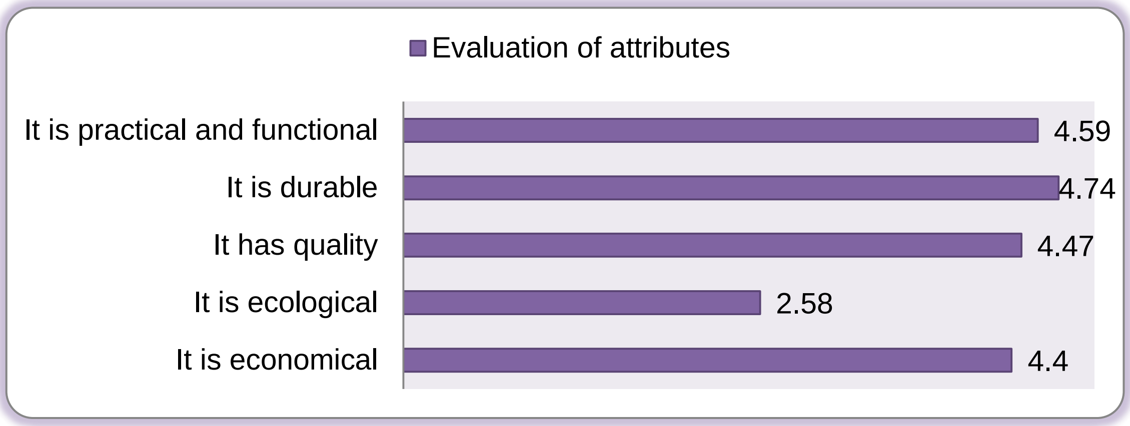
As we can see in Table 15, the most valued attribute is durability, with an average of 4.74; in second place we find practicality and functionality of the furniture with an average of 4.59. In third place we find the quality of the furniture averaging 4.47. In the fourth place we find the economic aspect with an average of 4.40. Finally the least valued attribute is the ecological aspect with an average of 2.58.

It must be said that although there are differences in the valuation of attributes, all of them except the ecological aspect are above 4, taking into account that the maximum score is 5.

Table 15. The importance of attributes when buying furniture

	N	Minimum	Maximum	Average	Standard Deviation
It is economical	250	1	5	4.40	0.705
It is ecological	250	1	5	2.58	1.160
It has quality (finish, model, design)	250	2	5	4.47	0.750
It is durable	250	3	5	4.74	0.477
It is practical and functional	250	2	5	4.59	0.672

Graph 13. Evaluation of attributes



Source: own elaboration

K) Desired benefits

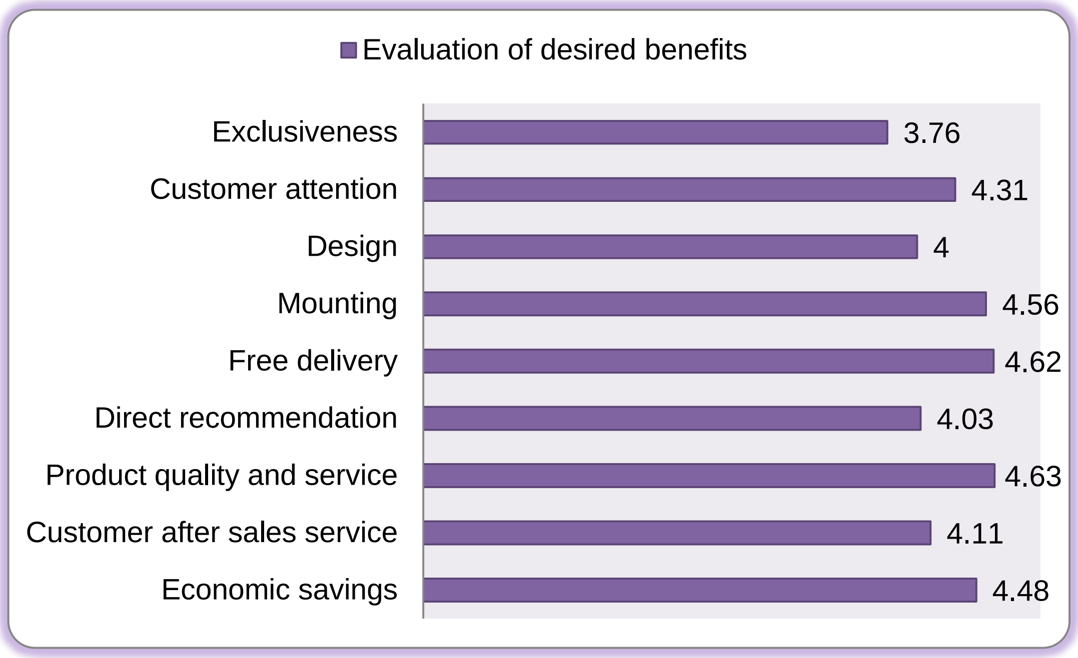
Regarding aspects of the desired benefits, as we can see in Table 16, the most valued aspect is the quality of the product or service with an average of 4.63, in second place free delivery with an average of 4.62, in third place mounting with an average of 4.56, in fourth place the economic savings with an average 4.48, in fifth place customer attention with an average of 4.31, in sixth place after-sales care with an average of 4.11, in seventh place direct recommendation with an average of 4.03, in eighth place design with an average of 4 and in ninth place and the last place exclusiveness with an average of 3.76.

In this case, we can say that the averages obtained (albeit with minor differences) are quite high.

Table 16. Desired benefits

	N	Minimum	Maximum	Average	Standard Deviation
Economic savings	250	1	5	4.48	0.756
Customer after sales service	250	2	5	4.11	0.914
Product quality and service	250	3	5	4.63	0.560
Direct recommendation	250	1	5	4.03	0.920
Free delivery	250	1	5	4.62	0.720
Mounting	250	1	5	4.56	0.868
Design	250	1	5	4.00	1.039
Customer attention	250	2	5	4.31	0.738
Exclusiveness	250	1	5	3.76	1.293

Graph 14. Evaluation of desired benefits



Source: own elaboration

L) Options to search and obtain information

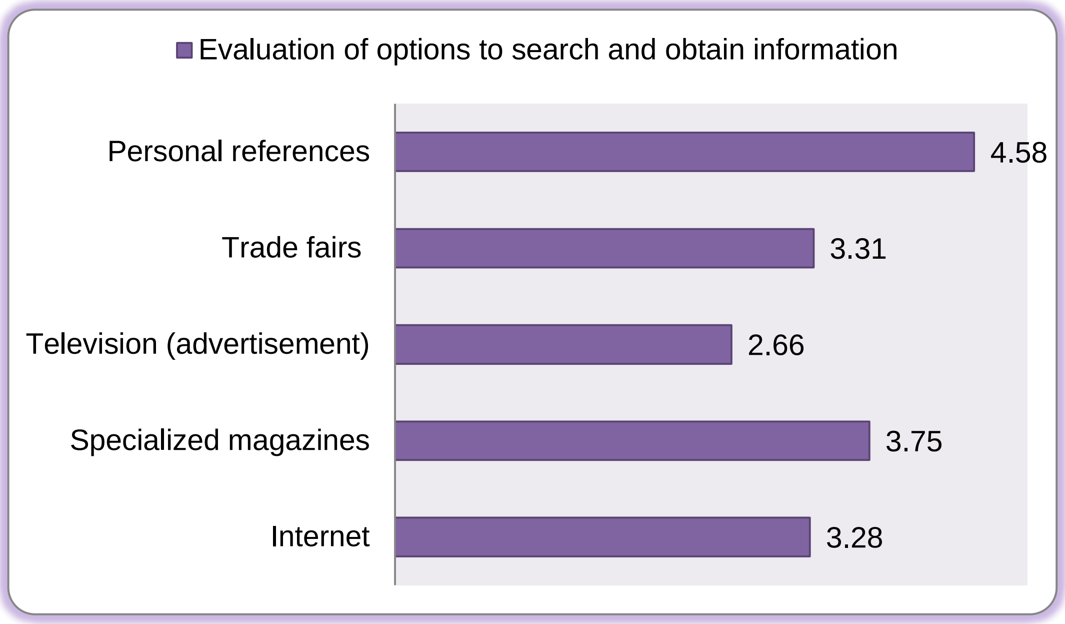
In this section, we see the averages obtained in the options which consumers use in obtaining information to decide the place and decide whether or not to buy furniture.

First, consumers seek information mainly through personal references as it is the only option that exceeds the average of 4, namely an average of 4.58. Secondly we find the specialized magazines with an average of 3.75, followed in third place by trade fairs with 3.31 on average. Fourthly we find the Internet with an average of 3.28 and fifthly and finally we find television advertising with an average of 2.66.

Table 17. Options to search and obtain information

	N	Minimum	Maximum	Average	Standard Deviation
Internet	250	1	5	3.28	1.292
Specialized magazines	250	1	5	3.75	1.004
Television (advertisement)	250	1	5	2.66	1.101
Trade fairs	250	1	5	3.31	1.410
Personal references	250	1	5	4.58	0.714

Graph 15. Evaluation of options to search and obtain information



Source: own elaboration

M) Places where you would buy furniture or where you have purchased furniture

In Table 18, we can see the average obtained in the places where customers shop or would buy furniture.

In this case, the most desirable place to buy furniture is the specialty stores with an average of 4.34 followed by 4.12 for carpentry workshops. With an average of 2.99 we find shopping malls and an average of 2.86 on the internet.

Table 18. Places where you would buy furniture or where you have purchased furniture

	N	Minimum	Maximum	Average	Standard Deviation
Shopping centres	250	1	5	2.99	1.119
Specialized shops	250	1	5	4.34	0.822
Carpentry workshops	250	1	5	4.12	1.063
Internet	250	1	5	2.86	1.252

Graph 16. Evaluation of places where you would buy furniture or where you have purchased furniture

Source: own elaboration

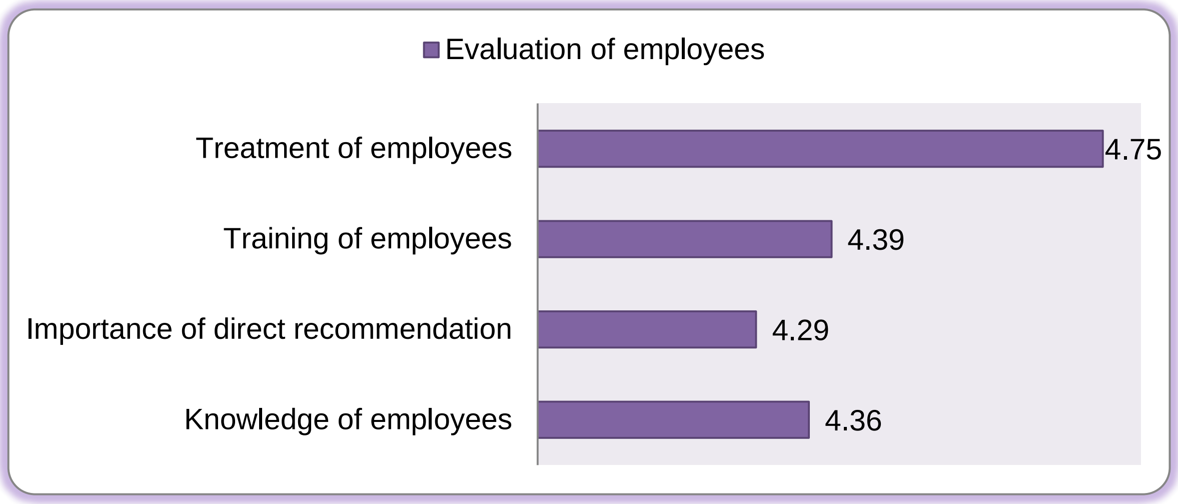
N) Importance given to people who sell the product or provide the service

In Table 19, we can see the importance that is given to people who sell the product or provide the service. In this case, all the proposed options have obtained averages above 4. The treatment received by employees is the most valued aspect, with an average of 4.75. An average of 4.39 respondents valued the employees training. Our respondents' value the knowledge employees have about the products/services with an average of 4.36 and finally the sample values the importance of direct counselling with an average of 4.29.

Table 19. Importance given to people who sell the product or provide the service

	N	Minimum	Maximum	Average	Standard deviation
Knowledge of employees	250	2	5	4.36	0.753
Importance of direct recommendation	250	2	5	4.29	0.795
Training of employees	250	2	5	4.39	0.716
Treatment of employees	250	4	5	4.75	0.435

Graph 17. Evaluation of importance given to people who sell the product or provide the service



Source: own elaboration

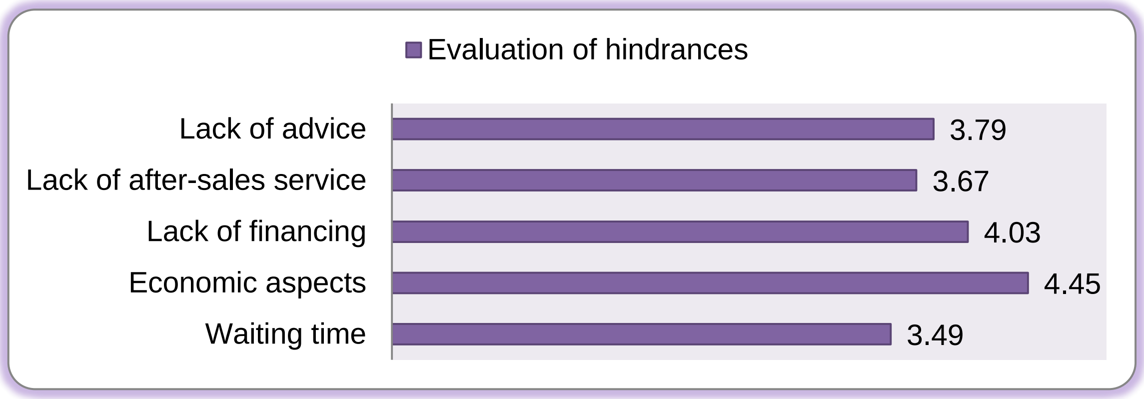
O) Hindrances when purchasing furniture

In Table 20, we can see the value that respondents give to the obstacles or hindrances when buying furniture. As we can see, the aspects that most slow the purchasing decision are of an economic nature with an average of 4.45. The lack of funding, with an average of 4.03, is another factor that greatly influences when making the decision to purchase a piece of furniture. On the other hand, with an average of 3.79, we find the lack of advice. The lack of after-sales care is also an obstacle with a mean of 3.67. Finally, the least valued or considered obstacle to purchasing furniture is the waiting time with an average of 3.49.

Table 20. Hindrances when purchasing furniture

	N	Minimum	Maximum	Average	Standard Deviation
Waiting time	250	1	5	3.49	1.527
Economic aspects	250	1	5	4.45	0.816
Lack of financing	250	1	5	4.03	1.001
Lack of after-sales service	250	1	5	3.67	1.07
Lack of advice	250	1	5	3.79	1.085

Graph 18. Evaluation of hindrances when purchasing furniture



Source: own elaboration

5.4 ANOVA analysis

The ANOVA analysis will be used to try to find differences between the different groups. To perform this analysis we have chosen as a discrete variable whether the respondent has purchased furniture or has gone to a furniture store or similar in the past 12 months (Yes/No in the tables). The continuous variables we have chosen are those questions whose answer matches the Likert scale measurement (1-5).

First, in the following tables (from 21 to 26) we can see the results of the continuous variables from the questionnaire, those that are significant and those that are not. Then we will discuss in more detail those variables which show a significant difference (tables 27 to 31).

For the question about the attributes, we can see in table 21 that there are no significant differences, since all levels are of significance ($p>0.05$).

Table 21. ANOVA analysis of question about attributes.

	Yes	No	Sig.
It is economical	4.43	4.37	0.533
It is ecological	2.44	2.66	0.141
It has quality (finish, model, design)	4.41	4.50	0.344
It is durable	4.74	4.74	0.983
It is practical and functional	4.62	4.64	0.161

With reference to the question about desired benefits, we can see in table 22, some variables highlighted in blue, that there are significant differences, since the level of significance is ($p<0.05$).

Table 22. ANOVA analysis of question about desired benefits

	Yes	No	Sig.
Economic savings	4.62	4.40	0.025
Customer after sales service	3.83	4.28	0.000
Product quality and service	4.58	4.66	0.242
Direct recommendation	3.88	4.12	0.053
Free delivery	4.62	4.61	0.931
Mounting	4.42	4.64	0.054
Design	3.95	4.03	0.564
Customer attention	4.13	4.43	0.002
Exclusiveness	3.61	3.85	0.164

The question referring to the options for information we find a variable with significant differences ($p<0.05$) corresponding to TV (Table 23).

Table 23. ANOVA analysis of question about options to obtain information

	Yes	No	Sig.
Internet	3.25	3.29	0.823
Specialized magazines	3.61	3.83	0.090
Television (advertisement)	2.47	2.78	**0.032**
Trade fairs	3.12	3.43	0.092
Personal references	4.67	4.52	0.091

As we can see in Table 24, referring to the place of purchase, there are two groups with significant differences ($p <0.05$), specialized shops and carpentry workshops.

Table 24. ANOVA analysis of question about place of purchase

	Yes	No	Sig.
Shopping centres	3.16	2.89	0.066
Specialized Shops	4.18	4.45	**0.013**
Carpentry workshops	3.95	4.23	**0.039**
Internet	2.80	2.90	0.554

Referring to questions regarding the treatment of employees, we find a group where significant differences exist ($p<0.05$). As we can see in Table 25, that group is people who value how they are treated by employees.

Table 25. ANOVA analysis of question about treatment of employees

	Yes	No	Sig.
I value the knowledge employees have about the products/services	4.29	4.39	0.315
I consider the sales person's advice important	4.17	4.36	0.062
I value that the employees are adequately trained	4.32	4.44	0.188
I value the treatment that I receive from employees	4.84	4.69	**0.007**

Finally, the question concerning the impediments or barriers to purchasing, we observed three groups with significant differences ($p<0.05$). In this case, as we can see in Table 26, such groups correspond to the waiting time, lack of attention and lack of after-sales service.

Table 26. ANOVA analysis of question about hindrances or obstacles

	Yes	No	Sig.
Waiting time	3.20	3.67	**0.018**
Economic aspects	4.46	4.44	0.819
Lack of financing	3.95	4.08	0.296
Lack of after-sales service	3.32	3.89	**0.000**
Lack of advice	3.57	3.93	**0.010**

Continuing with the ANOVA analysis, as we mentioned above, of the details of those variables where significant differences exist.

First we will study the scores obtained on the desired benefits according to whether the respondent has gone or not to a furniture store or has purchased something in the last 12 months (Table 27). Respondents who have gone to a furniture store or bought something in the last 12 months or more have taken into account the cost savings (4.62) more than the sales staff (3.83) or customer service (4.13).

Furthermore, respondents who have not visited a furniture store, or not purchased any furniture in the last 12 months have taken into account customer attention (4.43) more than the economic savings (4.40) or after-sales care (4.28).

In this sense we can say that respondents who have visited a furniture store, or purchased some furniture in the past 12 months have taken into account economic aspects more than people who have not.

Table 27. ANOVA details of variables with significant differences in response to question on desired benefits

No	Desired benefits	Group	N	Average	Sig.
6.1	Economic savings	Have bought furniture or visited a shop in the last 12 months.	95	4.62	0.025
		Have not bought furniture or have not visited a shop in the last 12 months.	155	4.40	
		Total	250	4.48	
6.2	Customer after-sale service	Have bought furniture or visited a shop in the last 12 months.	95	3.83	0.000
		Have not bought furniture or have not visited a shop in the last 12 months.	155	4.28	
		Total	250	4.11	
6.8	Customer attention	Have bought furniture or visited a shop in the last 12 months.	95	4.13	0.002
		Have not bought furniture or have not visited a shop in the last 12 months.	155	4.43	
		Total	250	4.31	

We will also analyse, depending on whether or not respondents have visited a furniture store or have bought furniture in the past 12 months, the options to obtain information when you want to purchase a piece of furniture (table 28).

In this case, of all the options available to obtain information, we can only find significant differences in obtaining information from television. We can say that the score is quite low, not reaching the approved (2.5) in the case of people who have purchased a piece of furniture in the last 12 months or have visited a shop with a score of 2.47. People who have not visited a furniture store, or have not bought anything, have obtained a slightly higher score, namely 2.78, exceeding the approved.

Noting that table, we can say that television as an information seeking option does not generate much interest among respondents.

Table 28. ANOVA details of variables with significant differences in response to question on options to obtain information

No	Obtaining information	Group	N	Average	Sig.
7.3	Television	Have bought furniture or visited a shop in the last 12 months.	95	2.47	0.032
		Have not bought furniture or have not visited a shop in the last 12 months.	155	2.78	
		Total	250	2.66	

Then we will study the scores on the place of furniture purchase depending on whether or not they have visited a furniture store or purchased or not any furniture in the last 12 months (Table 29). The best value refers to specialized shops for people who have not visited a furniture store or have not bought any furniture in the last 12 months with a score of 4.45.

Regarding the carpentry workshops as a place of purchase, the highest score of 4.23 is obtained by people who have not bought furniture or have not been to a store in the past 12 months. In this sense we can say that respondents who choose (or lowest score) specialized stores and carpentry workshops less, are those who have gone to a furniture store and purchased some furniture in the past 12 months.

Table 29. ANOVA details of variables with significant differences in response to question on place of purchase

No	Place of purchase	Group	N	Average	Sig.
8.2	Specialized shops	Have bought furniture or visited a shop in the last 12 months.	95	4.18	0.013
		Have not bought furniture or have not visited a shop in the last 12 months.	155	4.45	
		Total	250	4.34	
8.3	Carpentry shops	Have bought furniture or visited a shop in the last 12 months.	95	3.95	0.039
		Have not bought furniture or have not visited a shop in the last 12 months.	155	4.23	
		Total	250	4.12	

We will also discuss the importance of personnel depending on whether or not respondents have visited a furniture store or have bought or not some furniture in the last 12 months (Table 30). In this case, as we have previously seen, we only find significant differences in the value of treatment received. The highest score of 4.84 was obtained by people who have bought some furniture in the last 12 months or have visited a store. Whereas, people who have not bought any furniture or who have not visited a furniture store in the last 12 months rated slightly lower the treatment received by employees with a score of 4.69. Therefore, people who have gone to a furniture store or have purchased some furniture in the last 12 months have better assessed the treatment received by employees than respondents who have not attended a furniture store or have bought something in the last 12 months.

Table 30. ANOVA details of variables with significant differences in response to question on the importance of personnel

No	Importance of employees	Group	N	Average	Sig.
9.4	Treatment by employees	Have bought furniture or visited a shop in the last 12 months.	95	4.84	0.007
		Have not bought furniture or have not visited a shop in the last 12 months.	155	4.69	
		Total	250	4.75	

Finally, we will study the scores obtained for factors that hinder consumers when purchasing furniture based on whether the respondent has or has not visited a furniture store or has or has not bought anything in the last 12 months (Table 31). The highest score refers to the lack of advice, with a score of 3.93 for respondents who have not visited a furniture store or have not bought any furniture in the last 12 months, while after-sales service and waiting time remain below this, but also score above approved, namely 3.67 and 3.89 respectively.

In this sense referring to those who have visited a furniture store or bought some furniture in the last 12 months, the lack of after-sales service influences them more than the lack of advice and waiting time since these two factors have slightly lower values.

Table 31. ANOVA details of variables with significant differences in response to question on purchasing obstacles

No	Hindrances or obstacles	Group	N	Average	Sig.
10.1	Waiting time	Have bought furniture or visited a shop in the last 12 months.	95	3.20	0.025
		Have not bought furniture or have not visited a shop in the last 12 months.	155	3.67	
		Total	250	3.49	
10.4	Lack of after-sales service	Have bought furniture or visited a shop in the last 12 months.	95	3.32	0.000
		Have not bought furniture or have not visited a shop in the last 12 months.	155	3.89	
		Total	250	3.67	
10.5	Lack of advice	Have bought furniture or visited a shop in the last 12 months.	95	3.57	0.002
		Have not bought furniture or have not visited a shop in the last 12 months.	155	3.93	
		Total	250	3.79	

5.5 General conclusions of the investigation

To finalise this analysis, we can establish a set of conclusions. If we refer to desired benefits we can say that the respondents who have bought some furniture or have visited a furniture store in the last 12 months have given more value to economic aspects when purchasing furniture, without taking into account after-sales service or customer attention. While those respondents who have not visited a furniture store or have not bought any furniture in the last 12 months value these variables more.

On the other hand, in options for obtaining information, the respondents who have bought furniture or have visited a furniture store in the last 12 months have rated television the lowest as an option for furniture purchase information.

Meanwhile, respondents who have not bought furniture or have not visited a furniture store in the last 12 months have valued this option with a higher score. In this case, we can say that people who have purchased furniture or have visited a furniture store in the last 12 months prefer other options before television.

If we refer to the place of purchase, the respondents who have visited a furniture store or have purchased some furniture give lower scores to specialized shops and the carpentry workshops than people who have not bought furniture or have not visited a furniture store in the last 12 months.

If we examine the importance given to the people who sell the product or provide the service, it is evident that respondents who have visited a furniture store or have bought some furniture value better the treatment received by employees than people who have not visited a furniture store nor bought any furniture in the last 12 months.

Finally, referring to what most hinders respondents when purchasing furniture, we can say that for those who have not visited a furniture store nor bought any furniture in the last 12 months, the lack of advice, waiting time or not having after-sales service hinders more than for those who have visited or bought some furniture .

Consequently, we can conclude that people who have gone to a furniture store or bought some furniture in the last 12 months have taken into account more the economic aspects when buying furniture. On the other hand, people who have not visited a furniture store nor bought any furniture in the last 12 months take into account more the aspects that add value to the product, such as direct advice or after-sales service.

6. SWOT analysis

To conclude the section of what we might call the analysis of current market situation, we will conduct the SWOT analysis which stands for strengths, weaknesses, opportunities and threats. With this analysis we can identify those factors that are critical to the enterprise and those that are favourable. All this we can see in Figure 5.

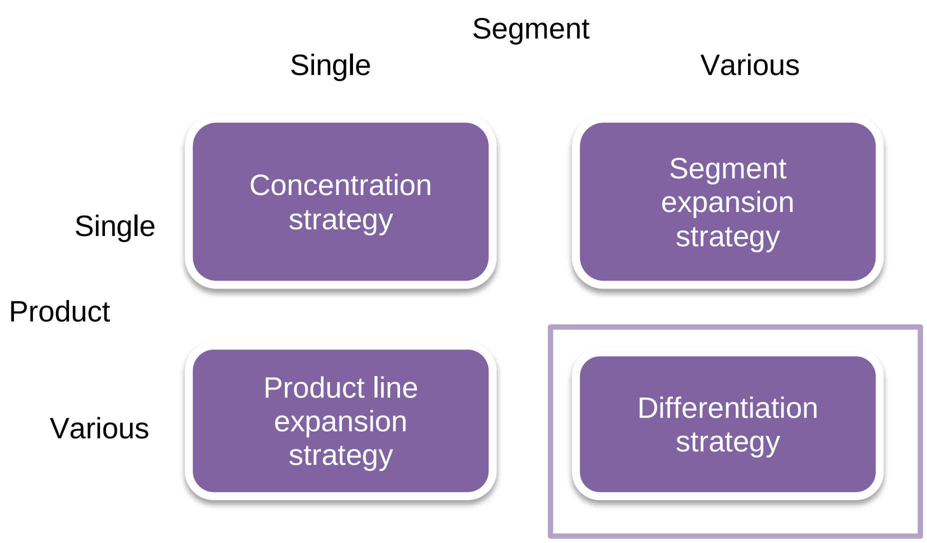
Figure 5. SWOT analysis

7. Segmentation strategy, target and positioning

7.1 Segmentation strategy

Before defining the target which we have, we will define the segmentation strategy. In this case, the company does not manufacture a single product, or target a single segment, but on the contrary, depending on the type of client it offers a different product according to customer needs, so it follows a differentiation strategy (Munuera and Rodríguez 2007). In Figure 6 we can see more clearly the segmentation strategy which the company follows.

Figure 6. Segmentation strategy



7.2 Target

Once defined the segmentation strategy, we can see in more detail the segments taking into account the market research previously undertaken.
Firstly, we can say that this company is primarily aimed at individual customers, in fact the research has been done on that group of people, but it also serves quite a number of companies and government agencies. In order to define our target, some of the variables which we will refer to are age or purchasing power, because if we consider the research done, we can see how the cost savings is one of the main aspects to take into account when purchasing furniture. Thus we find:

Private customer group:

- **Couples and young people**: in this group we include those aged between 18 and 35, whether couples, individuals or families. They are usually people who buy their first home or need a little renovation or fixing. In this case, the company offers all kinds of products and services adapted to the needs of the customer and tries to adjust budgets to suit them, as they are usually people who do not have a lot of resources or they are students, or do not have a steady job and are usually guided more by price than quality when choosing furniture.
- **Singles or mature couples**: in this group we include people with an age range between 35 and 70. In this case, we include people who usually have more resources than people in the group discussed above, either because they have a more stable job or savings. Also included in this group are families, which the company also target. Usually they are people who take into account more the quality of product and customer after-sales service than price.
- **Pensioners:** this group consists of people over the age of 70. We can say that the company is not targeting this group in the same way as the previous ones, since they usually only require services related to minor renovations or repairs. The purchasing power of these people is not normally very high, although their saving capacity can be great.

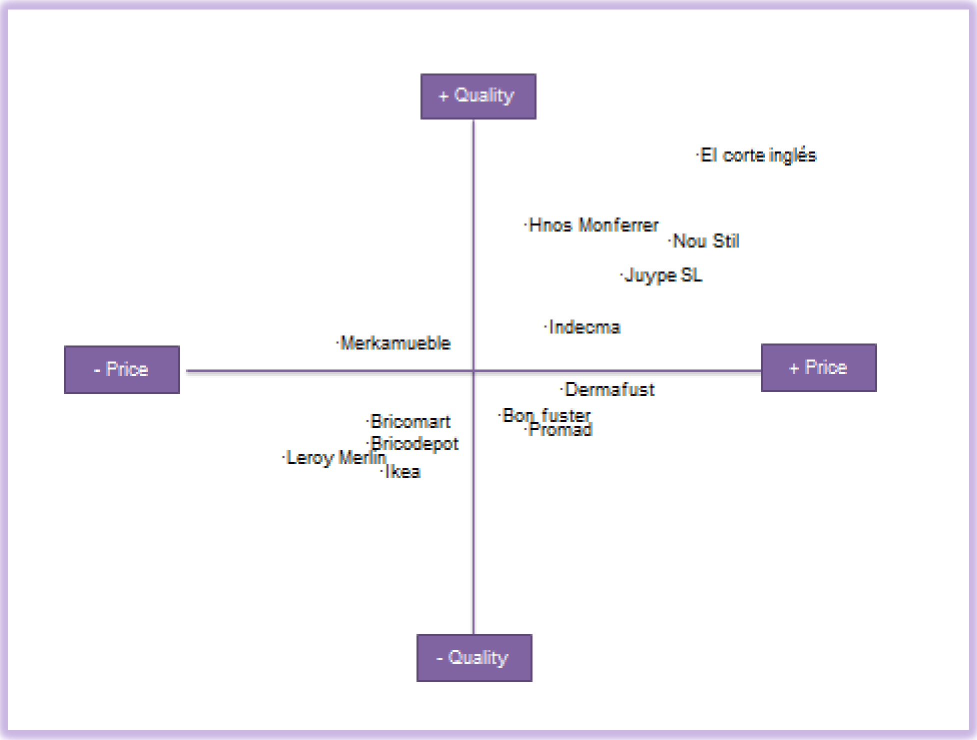
Referring to **companies and government agencies**, these are customers who tend to be more demanding when purchasing because they buy in greater volume, not taking into account economic aspects, as in the case of individual customers. In this case, the company also offers customized products according to the needs of the company or agency, as well as planning the work in more detail since the purchase volume is usually higher.

7.3 Positioning

In this section, we have carried out a positioning map to see the image that consumers have of 'Muebles de cocina y baño Hermanos Monferrer SL' with respect to the competition. So, in our positioning map we have defined two variables: price and quality. We can say that 'quality' is a very ambiguous term since it can be attributed different meanings. In this case, by quality we refer above all to direct recommendation by staff, after-sales service, financing or product design, that is to say all that adds value to the customer.

Our company, is positioned as a company with quality service at a medium-high price, hence the differentiation strategy will be explained later. Moreover, as we see in the figure 7, its main competitors in terms of quality are the companies located in the upper quadrant (El Corte Ingles, Nou -Stil, Juype SL., or Indecma). On the other hand, those competitors on price are the large companies like Bricomart, Bricodépôt, Leroy Merlin, Ikea or Merkamueble. Finally, we find companies that are in an intermediate position like Promad, Bon Fuster or Dermafust.

Figure 7. Positioning



8. Mission and vision

Taking into account that it is a small company, the mission of 'Muebles de cocina y baño Hermanos Monferrer SL' is to meet the needs of clients, giving advice in the best possible way on everything related to furniture.

The vision of this company is to be a well-known company on regional level and to be regarded highly at provincial level while always paying careful attention to its customers.

9. Objectives and Strategies

9.1 Objectives

Before starting the objectives themselves, note that there are different levels of objectives. In this case, the main and most important goal coincides with the above mentioned mission. To meet the primary objective, the company has outlined a number of more specific objectives. On the one hand are the corporate objectives, which are more general and medium-term objectives. According to the general nature of these objectives, a clear objective of this company is to become a reference at regional and provincial level, which means to increase its notoriety. On the other hand, we find the functional objectives including marketing objectives, which are easier to quantify.
Among the objectives of marketing, the company has set the following objectives:

- **Marketing management objectives.** In this case, the company will strengthen the database to try to attract and retain a greater number of customers at year end, a minimum 50. Besides it will try to attract customers through the website and social networking, as well as getting greater recognition of the brand and company.
- **Commercial financial objectives.** Achieve increase in net profit by 10% next year.
- **Management objectives marketing activities.** Besides helping with the previously mentioned objectives, a more enhanced database will help the company to better manage orders. Furthermore, with reference to the market share, the company wants to increase its market share by 5% thanks to their online presence. In terms of sales, the company wants to increase sales by 12% over previous years.

To finalise with the objectives and with reference to the research undertaken, we must bear in mind that with the current economic situation, many customers are guided more by economic aspects than by the quality of the products. In this case, the company will also follow a differentiation strategy emphasizing attributes that really add value for the customer.

9.2. Strategies

This section will analyse the strategies that this company follows from the different points of view of various authors. It should be mentioned that based on the stated objectives, the company will continue with current strategies which will be discuss in the following lines.

Based on *Ansoff's matrix* within growth strategies, the company follows a strategy of market penetration because it wants to strengthen its presence in the markets where it operates with the products already offered. That is, as we have already discussed in the paragraph related to objectives, the main objective of the company is to increase its visibility enhancing the products which it already offers, without incurring significant alterations.

On the other hand, if we analyse the strategies according to *Porter*, based on the desired competitive advantage, we can see that to accomplish all its goals this company has been developing a differentiation strategy since it offers quality products with a service that provides value added for customer. Therefore, this added value that the company offers means an increase in prices. As we have discussed above, taking into account the results obtained from the research, the company must bear in mind that many people focus on other aspects, for example economic, rather than quality.

In this case, what the company should do is to try to promote this added value since lowering the prices could lead to the belief, on the part of customers who for years have been paying a higher price for products, that they have been paying a greater price for products that could have actually been sold more cheaply.

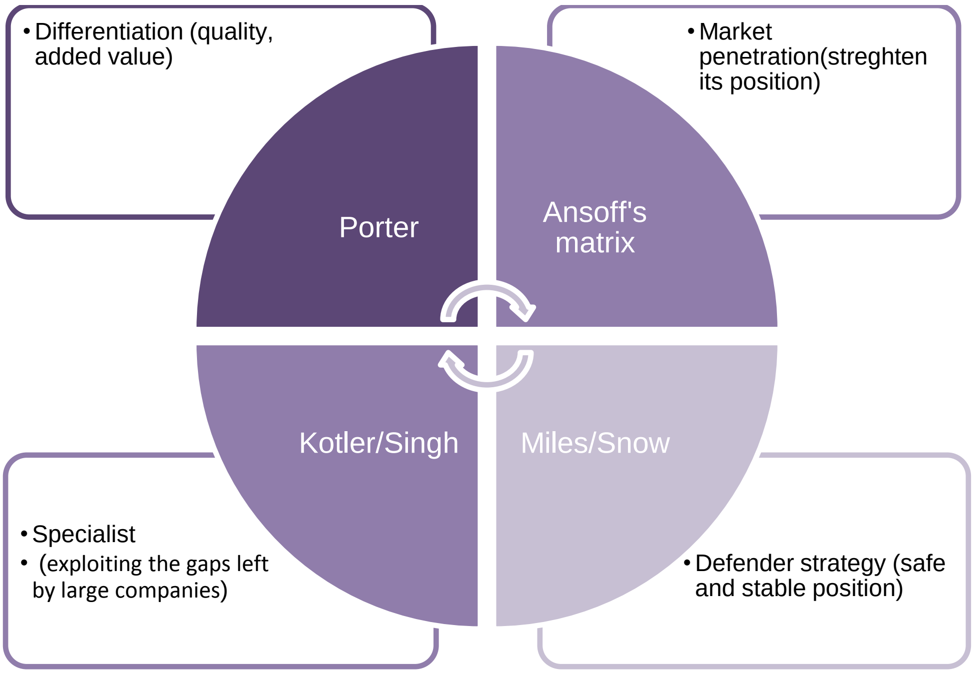
We have also found strategies based on performance in relation to competitors and the environment. In this case, there are two groups of authors with different viewpoints: Kotler and Singh; Miles and Snow.

According to *Kotler and Singh* strategies, this company follows the specialist strategy since it is a small company trying to avoid direct confrontation with the leader. In addition, the company targets more specific areas, often exploiting the gaps left by large companies.

On the other hand, according to the point of view of *Miles and Snow*, this company follows a defender strategy since its interest for new opportunities is quite limited. It tries to have a safe and stable position and not one of leading technological innovation. It maintains a position of differentiation in a mature market.

In the next image (figure 8) we can see a summary of the company strategy.

Figure 8. Strategies



10. Marketing mix.

In this section, we will analyse both the current marketing mix, and some decisions and proposals to achieve proposed objectives.

10.1 Company marketing mix.

10.1.1 Product

Firstly, remark that 'Muebles de cocina y baño Hermanos Monferrer SL' not only provides products to customers but also offers additional services, such as installation, transportation or after-sales service, therefore the range of products offered by the company, corresponds to products which are tangible assets added to some services.

This company offers all kinds of wooden products, among others we can find: interior woodwork (everything related to cabinets, doors, windows) or fitted kitchen and bathroom with appropriate fittings (kitchen appliances and bathroom fittings, and so on). These products can be classified according to bought their purpose or function and their duration or tangibility.

As for purpose, we can say that these products are consumer goods purchased sporadically since they are bought for convenience rather than necessity; they are also characterized as products purchased infrequently. Moreover referring to the tangibility of the product, that is, its duration, the products offered by this company are durable consumer goods since they can be used for a fairly long period of time and survive many uses. To see more clearly the range of products offered by the company, we will do a little analysis of the product mix decisions, highlighting product portfolio, product lines, its width, length, depth and consistency.

When we talk about the product portfolio, we refer to all that the company offers. In this case the main products offered by the company which are all kinds of furniture and ancillary products that complement the above.

Referring to width we will analyse the diversity of products that the company has, that is the product lines, which we named below:

- Doors.
- Wardrobes.
- Windows.
- Sitting room furniture.
- Kitchen furniture.
- Bathroom furniture.
- Ancillary products: kitchen appliances, bathroom fittings, handle, glass-ceramic hobs, and so on.

After defining the width of the portfolio of products, we will see the length that is all products sold by the company. In this case, following the previous line:

- Doors: reinforced doors, security door and solid wood.
- Wardrobe: fitted wardrobes and fitted wardrobes without carpentry.
- Windows: custom build or prefabricated.
- Sitting room furniture: wall to wall and traditional furniture.
- Kitchen furniture: fitted and prefabricated kitchens.
- Bathroom furniture: free-standing furniture or wall units.
- Ancillary products: kitchen appliances, bathroom fitting, handles, glass ceramic hobs, and so on.

As for the depth, we can find different variations for each product offered by the company. We can say that there is a high number of product variations, either in the type of wood, design or measurements. By way of example, we name a few:

Doors: They can be pine, oak, chipboard doors... and in turn they vary in measurements.

Wardrobes: Besides existing variations with regard to the type of wood, there are variations in their shape, since they can be fitted wardrobes with sliding doors or hinged doors.

Windows: in this case, the variations can occur in the type of wood or design.

As for the sitting room, kitchen and bathroom furniture we can have variations in the type of wood or design.

In image 1, we can see such variations in colour depending on the type of wood.

Image 1. Variations in colour

Finally with reference to consistency, we can say that the product portfolio is quite consistent, since the degree of relatedness of the products offered is quite high, especially in regard to manufacturing requirements and final use.

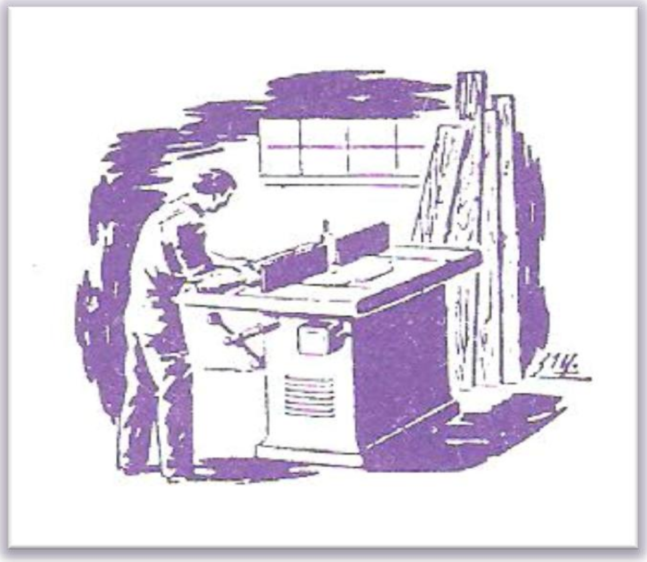
As mentioned above, one of the strategies of this company is differentiation. In this case, one way that the company has to differentiate itself is through its products. Some variables that the company uses for this purpose, reside in the characteristics of the products or their reliability.

With reference to the services provided by the company, they are also a source of differentiation. Some of the variables relating to services that help to differentiate the company are customer attention, mounting, maintenance and after-sales service.

In addition to these products and services, the company also provides guarantees in the form of repair or replacement, for example in the case of kitchen appliances, added to the manufacturer’s guarantee. Finally added to this, the company organises interest-free financing, taking into account the needs of each client. Besides, offering after sales service at no extra cost.

Once we have seen the product portfolio of the company, we will see its brand and some of its components. This company’s brand name matches its corporate name, ‘Muebles de cocina y baño Hermanos Monferrer SL’. Furthermore the graphic or logo that the company uses to identify its brand is represented in image 2. This logo reflects the personality of the company and the way it works, that is to say quality but also traditional.

Image 2. Logo of the company



Finally, we will also make reference to brand value. It can be said to define the value of the brand is complex because it is an intangible asset and it really shows the added value perceived by the customer of the product offered by the company. In this case the brand value of our company reflects the perceived quality of the products, plus the ancillary services which the company offers.

10.1.2 Price

As for pricing, 'Muebles de cocina y baño Hermanos Monferrer SL' tries to fix its prices so that good value is given. Therefore, the price of this company reflects the added value customers receive when purchasing the product.
Referring to the method of pricing, the company typically sets its prices by means of a fairly objective method by adding a margin to the total cost of the product, in addition to sometimes looking at the prices fixed by the competition. Normally for the products they produce, what the company does is set as lower boundary the cost of materials required to manufacture the product, after adding afterwards the corresponding margin. On the other hand, for those products that are ancillary or where labour for manufacturing is limited, they are usually based on prices set by competition.

10.1.3 Place

As for distribution, our company does not have a wide distribution network since it is a small business. Our company has a direct distribution channel, since there are no intermediaries in the sale, but it is the company itself that manufactures and sells products to final customers as we can see in Figure 9.

Figure 9. Type of distribution channel

In addition, as mentioned above the company directly targets the final costumers. This type of sale is known as retail. In this case, the company can position itself as a full service company, as the seller (in this case the manufacturer) is involved in the entire buying process, from when the customer enters the store until he decides whether to buy the product or not.

Now, we will undertake a small analysis of the design decisions of the channel. Within the analysis of the level of desired customer service, we will focus especially on the additional services because, as mentioned above, this company offers consumer

durables that require more services such as mounting, direct advice or after-sales service. Besides, we must keep in mind that providing high levels of service requires higher costs for the channel, so that is why we could also justify that the strategy which the company follows is that of differentiation and not cost.
Regarding the number of intermediaries and taking into account the size of the company we consider that it carries out intensive distribution as it tries to offer its products to as many people as possible.

Finally, considering that the company sells directly to the consumer, it also has to maintain the image of the place where the sale is made and where the client makes the final decision. In image 3, we can see the current external image of the establishment.

Image 3. External image of the establishment

As for the inner appearance, as seen in image 4, apart from the shop window, the company has a large interior where we can see some of their products on display. Upstairs, there is an office where different catalogues can be seen.

Image 4. Interior appearance

10.1.4 Promotion

Within this variable, our company uses two tools namely: advertising and the sales promotion. In this case, referring to advertising, the company advertises through spots on two local television stations. It has also collaborated in various local events and it participates in local fairs. In addition the company is also a member of the retail business association in Onda, called 'Onda Centre Comercial '.

Regarding the sales promotion, for example we find the *Plan Renove*, or free services for purchases above certain quantities.

10.2 Proposals for the marketing mix

10.2.1 Product decisions

In this case, regarding the product portfolio the company could consider carrying out some of these actions:

- Expand the product line.
- Upgrade the product line.
- Decisions on the image of the line.
- Decisions on product removal.

Up to now, the main objective of this company was to increase the visibility of what it had already been offering, the company portfolio of products offered is sufficient within their means. Besides continuing with its strategy of market penetration, as we have discussed earlier, it wants to strengthen its presence in the markets where it operates with the products already offered. It cannot be ruled out that in the long-term firm to the company could undertake an expansion of the product line in both directions launching a new variety of a basic product within the same product category.
Regarding the brand, the company will maintain the same one, as we discussed in the previous section.

10.2.2 Price decisions

For the price, my proposal for this company is to try to complement the pricing methods of applying a margin taking into account not only the competitor's prices but also the value perceived by customers. This would set prices in line with customer expectations.

In any case, the prices would continue along the same line, without notable changes since the strategy followed by the company is the differentiation therefore it would not be consistent for the company to lower prices because products with high quality require higher prices. If the company decides to lower its prices, customers may think they have been paying higher prices with respect to quality in the past and consequently create a bad reputation for the company.

10.2.3 Place decisions

In terms of place, the proposal I make is that the company keep direct sales to customers, since the nature of these products requires more advice and personal attention.

As a novelty, I would advise the company to set up an online and offline data base for products offered by the company which its customers can see at any time, that is, to have a physical and online catalogue. Regarding the physical catalogue, the company already has a number of catalogues, but for customers it would be easier to see all the products offered by the company in the same catalogue. So, my proposal is that the company develop a comprehensive catalogue of all products offered and their possible configurations and variations, in addition to annually developing a catalogue with information on novel products.

With regard to the online catalogue, which will be discussed later, on the company web page, we should include a section with the different product catalogues in PDF format.

As for the image of the point of sale, the company will continue with the same decor as it already has a large external window display along with a large showroom in the interior.

10.2.4 Promotion Decisions

In this case, as we have discussed earlier, the company does not have many ways to make itself known, but it knows that in order to sell their product in addition to its quality, it is necessary that the customers it targets know that it exists, and therefore one of the company objectives is to get its products and services noticed.

One of the proposed actions is to use advertising as much possible to reach a wide number of people in the general public.

Firstly, as we have mentioned, the company already has hired advertising services on both local televisions, and works in different events and participates in local fairs. In addition, our proposal is to expand the company advertising, extending it on the two local weekly magazines (in the 5 and 6 images, we can see an example of this proposal) and on the local digital magazine, with an icon which will redirect you to the company website (image 7). Lastly hire TV services at a provincial level.

Image 5. Proposed advertising in magazine 1

El Full

Onda, 4 d'octubre de 2013 | Dip. Leg.: CS - 605 -1982 | Preu: 1 Euro

La plaza del Raval protagonista de la XII Fira de Sant Miquel

Avance de la programación de la Fira d'Onda 2013

El próximo domingo 6 de octubre se celebrará el tradicional sorteo de cadafales

Adaponda se proclama Campeón de España de Fútbol 7 en los Specials Olímpics

Espectáculo infantil en homenaje a la Reina Infantil y su Corte de Honor, y bautizo de dos nuevos "gigantes", el domingo 6 de octubre

La "X Volta a peu" y la "XXI Marxa BTT" marcan el comienzo de los eventos deportivos de la Fira d'Onda 2013

Una Fira de Sant Miquel muy participativa

La Fira pone de relieve la funcionalidad de la nueva plaza del Raval y el comercio muestra su satisfacción

La elevada participación ciudadana ha sido la nota característica de esta XII Fira de Sant Miquel. Miles de vecinos y visitantes han llenado las calles y han participado y disfrutado de todas las actividades que ha organizado el Ayuntamiento, junto a las asociaciones Onda Centre Comercial y Hosturionda.

Asimismo, parte del éxito ha radicado en la gran funcionalidad que aporta la reformada plaza del Raval, que ha sido junto al Pla, el centro de la Fira y que ha facilitado la mejor distribución y organización de los stands y actividades permitiendo circular de manera muy cómoda por todo el recorrido, con espacios amplios, comprobando que la funcionalidad es una de las claves del nuevo espacio.

Esta feria es una apuesta por el comercio local, la restauración y el turismo, que este año ha conseguido atraer muchas visitas de fuera y la participación unánime de los ondeses.

La programación de la Fira de Sant Miquel ha contado con actividades para todas las edades, animación en las calles, exhibición de bailes de salón, desfiles solidarios, actividades para los más pequeños y visitas por el casco histórico y el castillo de Onda. Además, L'Associació d'Artesans ha estado presente durante toda la Fira.

El comercio de Onda es el gran beneficiado de estas jornadas que suponen un atractivo para el visitante y una forma de hacer llegar a todos la gran calidad y variedad de productos que hay en Onda.

El comercio muestra su satisfacción

Los comerciantes de Onda han mostrado su satisfacción al considerar que se trata de la Fira de Sant Miquel mejor organizada de la historia, lo que ha repercutido directamente en las ventas. Destacando también la agenda de actos que se ha organizado y que ha permitido aumentar la participación en todos ellos.

Asimismo, la asociación Hosturionda, que son una parte importantísima de la Fira de Sant Miquel, también ha puesto de relieve el éxito de este año y han manifestado su satisfacción de cómo ha discurrido la Fira y la Oktoberfest, por lo que piensan ya en repetir en la edición del año que viene.

MUEBLES DE COCINA, BAÑO Y ELECTRODOMESTICOS

HNOS. MONFERRER, S.L.

Exposición: Alfonso Pallarés, 5 - Tel. 964 60 32 44 12200 ONDA

Taller: Avda. Montendre, 22 - Tel. y Fax 964 60 15 62 (Castellón)

Image 6. Proposed advertising in magazine 2

Image 7.Proposed advertising in digital magazine

As for sales promotion, the company could carry out a series of exhibitions throughout the year, when there are new products to be made known to existing and potential customers. Moreover, within the sales promotion, the company could also develop merchandising such as pens and brochures.

Another proposal is that the company undertake actions related to direct marketing; the company could establish a simple and intuitive website, making it manageable for people who wish to visit.

Furthermore, this website could have a subscription option to receive company offers and promotions by direct email. As we discussed above in the section on place, this website could also include catalogues.

Finally, the company could also make itself known on social networks. To start with Facebook and Twitter because they are free online platforms, which today are used almost en masse.

11. Timeline

Having considered the marketing mix and the proposals, we will see the timeline of activities to be performed.

Table 32. Timeline

2015	1	2	3	4	5	6	7	8	9	10	11	12
Strengthen database												
Catalogues												
Magazine 1 advertising												
Magazine 2 advertising												
Digital magazine advertising												
Website			Update and maintenance									
Exhibitions												
Social networks			Update and maintenance									
TV 1 advertising												
TV 2 advertising												

As we can see in Table 32, the database strengthening will be done during January; It personnel will be contracted to update and strengthen the ERP, expanding the client files to include all possible information.

Moreover, catalogues will be developed during the months of January and February and when new catalogue decisions are made. Referring to advertising in both local magazines, this will take place throughout the year. Meanwhile, advertising in the digital magazine will be done from March onward when the website has been designed and is operating; the development of which will be during the months of January and February, and subsequently updated during the year. On the other hand, there will be two yearly exhibitions, intuitively timetabled in February and November. Referring to social networks, they will be set up in February, with maintenance throughout the year. Finally there will be advertising all year round on the two provincial TV stations.

12. Budget

In Table 33 we can see a detailed estimate of the cost of each action. The budget amounts to € 5898.5.

Table 33. Budget

ACTION	IMPLEMENTATION	BUDGET
Strengthen database	IT personnel to be contracted to update and strengthen the ERP, expanding the client files to enter all possible information.	€500 ERP + €100 labour cost = €600
General and special catalogues offline and online.	Gather information to include in the catalogue and contract graphic design services for processing and printing	€201 (8 units) + €100 labour cost = €301
Local advertising magazine 1	1 inside page ad space	€90 month. TOTAL = €1,080 yearly
Local advertising magazine 2	One advertising space on cover	€100 month. TOTAL = €1,200
Advertising digital magazine	One advertising space (banner)	€50 month. TOTAL = €500
Development website	IT personnel will carry out the development of the website	€450 + € 250 maintenance =€700
Exhibitions	Be conducted within the showroom	€150*2(exhibitions)= €300
Brochures	Hiring graphic design services for processing and printing	250 units * €0.12u.= €17,5
Pens	Hiring company that provides promotional services.	500 units * €0.20u.=€100
Social networks	Own development	Free
TV 1 advertising	Television spot during emission	€500 yearly
TV2 advertising	Television spot during emission	€600 yearly
TOTAL BUDGET		**€5,898.5**

13. Control

Lastly, referring to control what the company will do is to revise annual sales and compare the results obtain with previous years to come to a conclusion which demonstrated if the procedures undertaken have been correctly undertaken or not.

With reference to the social networks or the website, one method of controlling their efficiency is to see the number of people who have visited or the number of people who have subscribed. Consequently, what the company will do in this respect will be to see their development every three months and make any pertinent adjustments to improve.

ANNEX I. Questionnaire

QUESTIONNAIRE ABOUT THE PURCHASE OF FURNITURE | No. questionnaire

Good morning /afternoon. We would greatly appreciate YOUR HELP in answering the questions below, to get your opinion about buying furniture. This research is conducted for a final degree project of the University Jaime I, Castellon. With regard to information collected in this survey, we guarantee complete confidentiality and anonymity. Finally, this study has no profit making aim, but it is only done for research purposes.

P.1 Have you bought or have gone to a furniture store or similar in the past 12 months? [1] Yes [2] No

P.2 What is the name of your city or your locality? ____________

P.3 With the current economic situation, have you noticed that your habits have changed when deciding whether to change your furniture? [1] Yes [2] No

P.4 How often to you tends to renew the furniture in your house?

[1] Less than 5 years [2] Between 5-10 year [3] Between 10-15 years [4] More than 15 years.

P.5 Please could you assess the following ATTRIBUTES when buying furniture? (1 very poor rating, 5 very good rating).

1	It is economical	1	2	3	4	5
2	It is ecological	1	2	3	4	5
3	It has quality (finish, model, design)	1	2	3	4	5
4	It is durable	1	2	3	4	5
5	It is practical and functional	1	2	3	4	5

P.6 Evaluate the following related to DESIRED BENEFITS of this type of product (1 very poor rating, 5 very good rating).

1	Economic savings	1	2	3	4	5
2	Customer after sales service	1	2	3	4	5
3	Product quality and service	1	2	3	4	5
4	Direct recommendation	1	2	3	4	5
5	Free delivery	1	2	3	4	5
6	Mounting	1	2	3	4	5
7	Design	1	2	3	4	5
8	Customer attention	1	2	3	4	5
9	Exclusiveness	1	2	3	4	5

P.7 Evaluate these options for obtaining information when you want to buy furniture (1 very poor rating, 5 very good rating)

1	Internet	1	2	3	4	5
2	Specialized magazines	1	2	3	4	5
3	Television (advertisement)	1	2	3	4	5
4	Trade fairs	1	2	3	4	5
5	Personal references	1	2	3	4	5

P.8 Where do you usually buy or would buy your furniture? (1 very poor rating, 5 very good rating)

1	Shopping centres	1	2	3	4	5
2	Specialized shops	1	2	3	4	5
3	Carpentry workshops	1	2	3	4	5
4	Internet	1	2	3	4	5

P.9 Evaluate the importance of the commercial agent in the purchasing decision. (1 very poor rating, 5 very good rating)

1	I value the knowledge employees have about the products /services	1	2	3	4	5
2	I consider the sales person's advice important	1	2	3	4	5
3	I value that the employees are adequately trained	1	2	3	4	5
4	I value the treatment that I receive from employees	1	2	3	4	5

P.10 Evaluate the impediments in purchasing furniture (1 not important, 5 extremely important)

1	Waiting time	1	2	3	4	5
2	Economic aspects	1	2	3	4	5
3	Lack of financing	1	2	3	4	5
4	Lack of after-sales service	1	2	3	4	5
5	Lack of advice	1	2	3	4	5

General questions

P.11 Gender: 1 Male 2 Female

P.12 Please, could you indicate your age range?

Less than 20 years	20 to 29 years	30 to 39 years	40 to 49 years	50 to 59 years	60 to 69 years	70 or more years
1	2	3	4	5	6	7

P.13 Could you indicate your current level of studies?

Without studies	Primary studies (Up to 12 years)	Secondary studies (EGB, FP medium)	A levels (Spanish bachiller), FP superior	University diploma	University superior
1	2	3	4	5	6

P.14 Please, could you indicate your principal occupation?

Student	Housewife	Working	Retired	Unemployed
1	2	3	4	5

P.15 Please, could you indicate the approximate total monthly income of your household? Figures in €.

0-1000	1000-1500	1501-2000	2001-2500	>2500
1	2	3	4	5

P.16 Household members number: ____________

THANK YOU FOR YOUR COLLABORATION

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