

# Analysis of Feasibility Meubel Industry Based on Water Hyacinth

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**Abstract:- On this journal, will be analysed the feasibility of meubel industry based on investment opportunity in local and global market. Analysis will be prioritized on supporting sector that allows the feasibility of business to be optimal like competitor, brand, price, promotion analysis that included in marketing mix.**

Local traditional market. Below are the pricelists of furniture product from water hyacinth

## I. INTRODUCTION

It is need to see how the opportunity of investment / market share and the plan of product marketing strategy of handcraft that comes from Water Hyacinth. Furthermore, it determine marketing mix that has been implemented and understand the map of competition of handcraft like furniture that also comes from water hyacinth

## II. LITERATURE REVIEW

### A. Business Feasibility Analysis

Analysis business feasibility is the research of business plan that not only analysis whether feasible or not, but also when produced with rountine in order to achieve optimal profit in the undertemined time (Umar 2001)

### B. Market Aspeck Analysis

That point reviewed in marketing aspect is determination of market opportunity and selling target. Determination of sell price and direction of marketing strategy. Marketing strategy is the series of goals and targets, policy and rules that give direction of marketing effort generally that consists of three stages which is : market segmentation, targeting and positioning (Kotler, 2001). After discovering those stages, then it can be arranged to be marketing mix strategy that consist of product strategy, price, distribution and promotion (Assauri, 1999)

### C. Marketing Mix

One of the marketing strategy that affect the increasing of volume of the selling a product is implementation marketing mix. Actyally there is a dozen marketing mix tools. But, McCarthy popularize classicfication of four elements for marketing mix that is Four P (Product, Price, Place and Promotion). According to William J Stanton, Definitely that can be stated the combination of four variables that comes to the core of marketing mix is combination of four variables that is product, price, promotion and distribution system (BasirSwastha and Irawan, 1990 pages 78)

## III. ANALYSIS

### A. Investment Opportunity Identification

Year	Goods	Pricelist (Rp)
2014	Sofa	4.000.000
	Chair	400.000
	Wardrobe	4.000.000
	Bed	5.000.000
	Table	500.000
2015	Sofa	4.000.000
	Chair	400.000
	Wardrobe	4.000.000
	Bed	5.000.000
	Table	500.000
2016	Sofa	4.000.000
	Chair	400.000
	Wardrobe	4.000.000
	Bed	5.000.000
	Table	500.000

Table 1. Pricelists of furniture product from water hyacinth

Therefore, below are data of water hyacinth furniture producc capacity from 2014 to 2016.

Year	Goods	Capacity of Prodcution (unit)	Production Qty (unit)
2014	Sofa	1000	600
	Chair	2000	900
	Wardrobe	1000	500
	Bed	1000	600
	Table	2000	1400
2015	Sofa	1000	700
	Chair	2000	1000
	Wardrobe	1000	600
	Bed	1000	700
	Table	2000	1500
2015	Sofa	1000	800
	Chair	2000	1100
	Wardrobe	1000	700
	Bed	1000	800
	Table	2000	1600

Table 2. Data of water hyacinth furniture producc capacity from 2014 to 2016

Based on above data can be discovered potentiaon of furniture market of water hyacinth from 2014 to 2016 and the profit from marketing in local market.

Year	Goods	Potential Market (Unit)	Income (Rp)
2014	Sofa	400	1.600.000.000
	Chair	1100	440.000.000
	Wardrobe	500	2.000.000.000
	Bed	400	2.000.000.000
	Table	600	300.000.000
	TOTAL		
2015	Sofa	300	1.200.000.000
	Chair	1000	400.000.000
	Wardrobe	400	1.600.000.000
	Bed	300	1.500.000.000
	Table	500	250.000.000
	TOTAL		
2016	Sofa	200	800.000.000
	Chair	900	360.000.000
	Wardrobe	300	1.200.000.000
	Bed	200	1.000.000.000
	Table	400	200.000.000
	TOTAL		

Table 3. Data potential market and profit from 2014 – 2016

As for potential market in local market , can be seen that potential market follows linear trend and declining year by year about 100 units in each of product but the selling price is stagnan. If we calculate of profit so we get the income like stateg below (Assuming the capacity of industry.

Produk	Production Capacity (unit)	Pricelist (Rp)
Sofa	1000	4.000.000
Chair	2000	400.000
Wardrobe	1000	4.000.000
Bed	1000	5.000.000
Table	2000	500.000

Table 4. Data production capacity and pricelist

With total of cost is 75% from total income, so the profit that can be gained are

Goods	Product ion Capacity (unit)	Pricelist (Rp)	Income (Rp)	Overhead Cost (Rp)	Profit (Rp)
Sofa	1000	4.000.000	4.000.000	3.000.000	1.000.000
Chair	2000	400.000	800.000	600.000	200.000
Wardrobe	1000	4.000.000	4.000.000	3.000.000	1.000.000
Bed	1000	5.000.000	5.000.000	3.750.000	1.250.000
Table	2000	500.000	1.000.000	750.000	250.000
TOTAL	7000	13.900.000	14.800.000	11.100.000	3.700.000

Table 5. Data cost is 75% from total income

Foreign Market  
Below are pricelist of product

Year	Goods	Pricelist (Rp)
2014	Sofa	5.000.000
	Chair	500.000
	Wardrobe	5.000.000
	Bed	6.000.000
	Table	600.000
	2015	Sofa
Chair		600.000
Wardrobe		5.200.000
Bed		6.300.000
Table		700.000
2016		Sofa
	Chair	700.000
	Wardrobe	5.400.000
	Bed	6.600.000
	Table	800.000

Table 6. pricelist of product

Therefore is production capacity of water hyacinth from 2014 to 2016

Year	Goods	Production Capacity (Unit)	Production Qty (unit)
2014	Sofa	1000	600
	Chair	2000	900
	Wardrobe	1000	500
	Bed	1000	600
	Table	2000	1400
2015	Sofa	1500	800
	Chair	2500	1100
	Wardrobe	1500	700
	Bed	1500	800
	Table	2500	1600
2016	Sofa	2000	1000
	Chair	3000	1300
	Wardrobe	2000	900
	Bed	2000	1000
	Table	3000	1800

Table 7. Data capacity of water hyacinth from 2014 to 2016

Based on above data, can be discover potential market of furniture product that comes from water hyacinth from 2014 to 2016 and the income of foreign market:

Year	Goods	Potential Market (Unit)	Income (Rp)
2014	Sofa	400	2.000.000.000
	Chair	1100	550.000.000
	Wardrobe	500	2.500.000.000
	Bed	400	2.400.000.000
	Table	600	360.000.000
	TOTAL		7.450.000.000
2015	Sofa	700	3.850.000.000
	Chair	1400	840.000.000
	Wardrobe	800	4.160.000.000
	Bed	700	4.410.000.000
	Table	900	630.000.000
	TOTAL		13.890.000.000
2016	Sofa	1000	6.000.000.000
	Chair	1700	1.190.000.000
	Wardrobe	1100	5.940.000.000
	Bed	1000	6.600.000.000
	Table	1200	960.000.000
	TOTAL		20.690.000.000

Table 8. Data water hyacinth from 2014 to 2016 and the income of foreign market

From above data can be seen that potential market follows linear trend and increasing year by year about 300 units and the pricelist also increase with 1.200.000.000 IDR increment a year

If we calculate the profit that can be gained, with assumption of capacity of production we get data below:

Year	Goods	Production Capacity (unit)	Pricelist per unit (Rp)
2014	Sofa	1000	5.000.000
	Chair	2000	500.000
	Wardrobe	1000	5.000.000
	Bed	1000	6.000.000
	Table	2000	600.000
	TOTAL	7000	17.100.000
2015	Sofa	1500	5.500.000
	Chair	2500	600.000
	Wardrobe	1500	5.200.000
	Bed	1500	6.300.000
	Table	2500	700.000
	TOTAL	9500	18.300.000
2016	Sofa	2000	6.000.000
	Chair	3000	700.000
	Wardrobe	2000	5.400.000
	Bed	2000	6.600.000
	Table	3000	800.000
	TOTAL	12000	19.500.000

Table 9. Data capacity of production and pricelist per unit

With export cost is 78% from income, so the profit that can be gained are

Year	Goods	Production Capacity (unit)	Pricelist (Rp)	Income (Rp)	Overhead Cost (Rp)	Profit (Rp)
2014	Sofa	1000	5.000.000	5.000.000.000	3.900.000.000	1.100.000.000
	Chair	2000	500.000	1.000.000.000	780.000.000	220.000.000
	Wardrobe	1000	5.000.000	5.000.000.000	3.900.000.000	1.100.000.000
	Bed	1000	6.000.000	6.000.000.000	4.680.000.000	1.320.000.000
	Table	2000	600.000	1.200.000.000	936.000.000	264.000.000
	TOTAL	7000	17.100.000	18.200.000.000	14.196.000.000	4.004.000.000
2015	Sofa	1500	5.500.000	8.250.000.000	6.435.000.000	1.815.000.000
	Chair	2500	600.000	1.500.000.000	1.170.000.000	330.000.000
	Wardrobe	1500	5.200.000	7.800.000.000	6.084.000.000	1.716.000.000
	Bed	1500	6.300.000	9.450.000.000	7.371.000.000	2.079.000.000
	Table	2500	700.000	1.750.000.000	1.365.000.000	385.000.000
	TOTAL	9500	18.300.000	28.750.000.000	22.425.000.000	6.325.000.000
2016	Sofa	2000	6.000.000	12.000.000.000	9.360.000.000	2.640.000.000
	Chair	3000	700.000	2.100.000.000	1.638.000.000	462.000.000
	Wardrobe	2000	5.400.000	10.800.000.000	8.424.000.000	2.376.000.000
	Bed	2000	6.600.000	13.200.000.000	10.296.000.000	2.904.000.000
	Table	3000	800.000	2.400.000.000	1.872.000.000	528.000.000
	TOTAL	12000	19.500.000	40.500.000.000	31.590.000.000	8.910.000.000

Table 10. Data cost is 78% from total income

• *Analysis*

Selected market to be a tarhet of waterhyacinth product sales is export market because of profit calculation that can be gained in export market proved to be more higher than local market that stagnan in same level every year. Beside that, demand from foreign market also increase every year comparing with demand from local market that declining over time. Therefore can be implied that selecting foreign market for water hyacinth furniture product will be more profitable than local market itself

*B. Marketing Strategy*

Here is a marketing strategy of this hyacinth furniture business.

• *Segmenting*

Segementation that used in this industry is Behavioural Segementation.

• *Targeting*

Behavioural segementation can be rated from following statements.

- Based on rate and patter of exercis  
Meubel and furniture business has rapid flourish blow in foreign. Below is development data of furniture export.

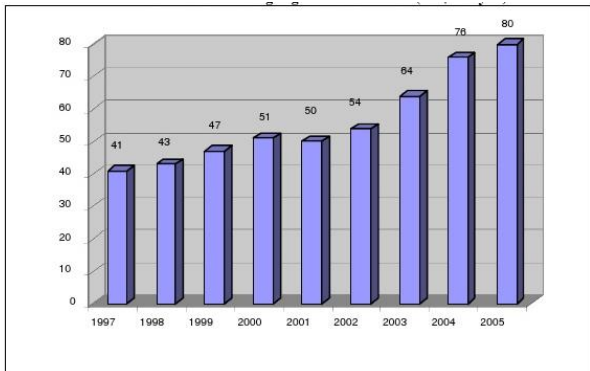


Fig 1:- Meuble World Trade Value

Source: Working Paper Series No.5 Center for Industrial Studies and SMEs

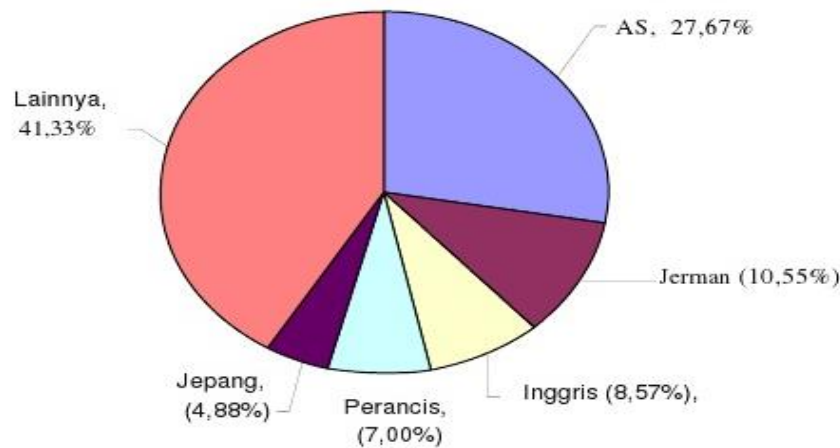
Based on data above, can be seen that meubel export development in world is very wide. Therefore business that has some core with different innovation can be expected to compete with other exportir

- Price Sensitivity

Because of material that has been used is natural product that can be found with low price, so the price of these handicrafts will not be as much as higher with other of meubel pricelist that come from Tak tree. Therefore, the price of furniture can be compete with in meubel industry market with higher profit that local market

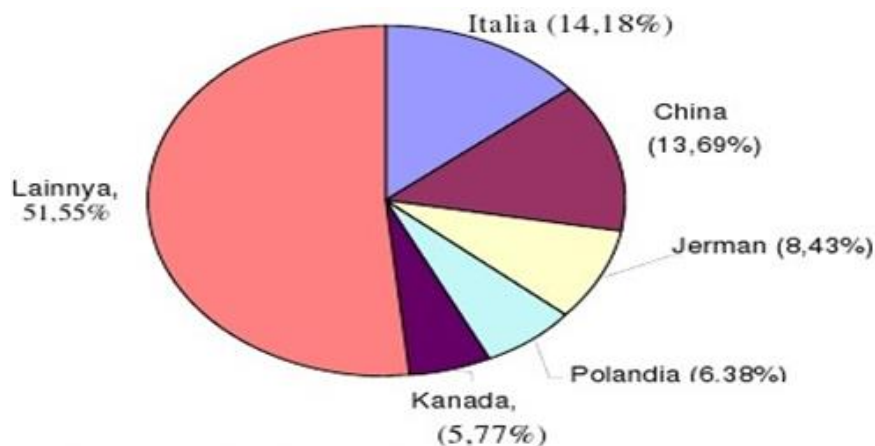
- Benefit seeker

Goal of company to gain more profit also become one of the reason selecting foreign market  
Below are data that can help in targeting market



Sumber : Data UN, Eurostat dan CSIL, Ditabulasikan oleh ASMINDO

Fig 2:- the world's largest importer of meuble importers



Sumber : ASMINDO (data UN, Eurostat dan CSIL)

Fig 3:- the world's largest meuble exporting country

Beside that, there are also supporting data like below :

	EXPORTS	2010	2011	2012	2013	Trend %	% Share	%	Jan - Feb		% Change
						(2010-2013)	2013	(2013-2012)	2013	2014	(Jan 2014-2013)
-											
	World	59,649,815	61,078,907	67,959,601	85,986,495	12.79	100%	27%	12,758,125	20,721,266	62%
	Indonesia	24,764	103,758	174,737	109,835	64.71	0%	-37%	25,000	17,544	-30%
	% Share	0.04%	0.17%	0.26%	0.13%				0.20%	0.08%	
1	UNITED STATES OF AMERICA	41,227,572	35,718,045	41,418,164	44,492,210	3.84	52%	7%	7,574,808	12,090,024	60%
2	JAPAN	2,551,395	5,054,125	5,381,884	13,511,165	65.92	16%	151%	1,593,442	3,162,389	98%
3	UNITED ARAB EMIRATES, N.E.S.	758,165	3,117,872	2,843,903	3,788,495	60.55	4%	33%	878,399	1,089,048	24%
4	PEOPLE'S REPUBLIC OF CHINA	442,640	692,406	1,552,514	2,851,101	89.56	3%	84%	182,508	994,821	445%
5	NETHERLANDS	759,872	1,784,899	1,518,996	2,604,830	42.40	3%	71%	174,649	103,738	-41%
6	UK OF GREAT BRITAIN AND N. IRELAND	1,810,906	2,140,013	1,817,849	1,715,359	-3.21	2%	-6%	205,050	565,980	176%
7	SINGAPORE	877,516	425,113	775,273	1,588,620	26.89	2%	105%	113,565	192,670	70%
8	HONG KONG, CHINA	280,768	432,754	657,321	1,536,693	73.63	2%	134%	182,302	103,206	-43%
9	REPUBLIC OF KOREA	903,723	803,762	523,963	1,236,749	5.27	1%	136%	152,458	350,602	130%
10	GERMANY	442,527	311,153	643,671	1,155,243	43.41	1%	79%	65,697	109,708	67%

Table 11. the world's largest meuble exporting country

If we comparing exporter country and imporier of meuble above, can be discovered that export opportunity to USA still wide open, known from rate of export country that still in low level. Thereby as well as export to Britain, France and Japan. However, it can't apply in Germanym because rate of export and import this country relatively same 10.55% import and 8.43\$ export. Therefore, below is exporting country that has been selected by company:

1. USA
2. UAE
3. China
4. Japan

Export meubel of Indoesia based on materials



Fig 4:- export meuble indonesia based on raw materials

Based on above data, opportunity in exporting meubel with material comes from water hyacinth still has wide opportunity. Only 5% industry eportingmeubel with material beside wood and rattan. Therefore, competitor of water hyacinth in Indonesia market itself is little. That means, the convenience of this business to be bloom still wide open.

C. Positioning

“Living in harmony with nature touch”.

The main excellence from this company furniture is the material that can be taken from nature is water hyacinth, that is furniture product of company  
Beside that, below is some of business strategy that can be used for developing of company:

1. Discount Strategy  
Discounting price in certain time to attract interest of customers.
2. Inexpensive Price Strategy  
There are levels of pricing that helps people from any wealthness category to selecting products
3. Prestige Product Strategy  
This strategy put forward the natureness of this product
4. Product Development Strategy  
Quantity of furniture that has beend develop also one the matter that must be noticed by company
5. Innovation Product Strategy
6. Excellent Customer Service Strategy
7. Distribution Strategy

D. Technical Aspect Strategy

➤ Product

This business produce several products that ready to sell to market such as sofa, chair, wardrobe, bed, table etc. with water hyacinth is main material

➤ Price

Pricing is one of important aspect that must be put consider by company, because can be affect of incremant of sales volume. If we do a mistake in confirmation of pricelist can be affect the sales of product itself. Before determining price list, company must be determine what method that must be used by company to selecting price



In order by company to determine price, several strategy can be used

- Initial stage, company us Cost Plus Mark Up strategy, which is price is determined from profit that want to gained. This approach helps company to be focus on profit, but this strategy has risk that beyond the expectation of customer and competitor price.
- Multiple-Unit Pricing, is giving certain discount to company with big amount of purchase. In this case, with big amount of purchase will be given discount that different with customer that buy piece by piece
- Warranty and Service Contract, is adding guarantee and goof after sales to guarantee the quality of product. Prodcut also can be has compensation if there is damage over it with several terms and conditions
- Special event pricing, this strategy give special price in certain event like religious even or new year. After observing several strategy above, below is standar price of product that offer to customer.

No	Goods	Pricelist
1	Sofa	Rp. 6.000.000,-
2	Chair	Rp. 500.000,-
3	Wardrobe	Rp. 5.000.000,-
4	Bed	Rp. 6.000.000,-
5	Table	Rp. 600.000,-

Table 12. is standar price of product that offer to customer

With big amount of purchase, discount that can be given:

Amount of Goods purchasded (pcs)	Offered Discount
10	5%
25	10%
50	15%
100	20%
>100	25%

Table 13. Data amount of purchase and discount

➤ *Place*

Place relate to where company will be located and operate. In this case there is three types that affect the transaction.

- Conumen visit company. Company should choose place that close with conumen to be reachable.
- Company visity conumen, in this case, place is not reall important.
- Company and conumen tis not meet directly, it means company and customer interacts with certain media like telephone, computer or mail.

Company must choose right distribution channel to deliver its product, because it affect the quality of service and product. Distribution channel can be selected by:

- Direct sales
- Agent or broker
- Franchise

This business implement all types of interation that affect location, which is:

1. Company visit customer. In this case, company held an event in foreign country
2. Conumen comes to customer with several showroom that build in USA, UAE, China and Japan
3. Non directly meet, in this case, company communicate via telephone or online with customer from aborad

In distribution case, company always give priority to fast delivery, therefore we build the company in Minahasa, North Sulawesi because of:

1. North Sulawesi has strategically place with geographly located in edge of pacific ocean.
2. As quoted from metrotv news, Todanolake that become of tourism icon in north Sulawesi is threatened its sustainability. Becase about 200 hectare of lake is covered with water hyacinth.
3. Still a few company that operate in north Sulawesi

➤ *Promotion*

One of the goal that wants to achieve by company is to create the awarens of conumen about produt that want to be sold. So the sales target can be achieved through promotion program that has been used by company to increase marketing program.

Goals that must be used by company in dount promotion is to increasing sales volume, therefore to resolve tightness of competition in product market.

As for promotion activity in product marketing covers:

- Advertisement, by online media. Company focus on internet media as main promotion
- Sales promotion is promotion method that offer coupon, gift, sample, exhibition and internation event.
- Direct marketing like catalogue, mail, tele marketing, e-mail and SMS
- Sales person
- Public reallion, form o promotion that used by company to creating image and public awareness with informing the care of company to natural life and preservation natural resources

Promotion mechanism can be done by several method:

- *Informing*
  - Informing market about product
  - Deliver price to market
  - Straighten wrong impression
  - Informing provided service
  - Reduce fear and worries of customer
  - Building product image
- *Persuading target*
  - Build product choice
  - Shift choice to certain product
  - Alter persepsion to product attribute
  - Pushing to buy
- *Reminding*
  - Remember that product need customer
  - Reminding place that sell the product

- Keep so the first choice is come to certain product

#### ➤ *People*

People is main asset in service industry, especially people is employee with high performance. With high performance, consument will be satisfied and loyal. In production of water hyacinth, can be involved 13 collectors with each of collector get supply from 40-50 craftsmen. There fore if there are 13 collector, will be needed 500 craftsmen that works in compant. But that calculation is not included people to seek and drain. For the seeker, can employ local people.

#### ➤ *Process*

Process is the combination of all activity, generally come from procedure, schedule of activity, mechanism, activity, routinity where service is produced and deliver to customer.

Process can be 2 method that is

- Complexity, relate to step of process
- Diversity, relate to change of step or process stage

Process in producing water hyacinth handicrafts are

- Collecting water hyacinth
- Separation the base of stal
- Drying the base of water hyacinth stal
- Revolvin
- Crafting furniture
- Varnishing

Below are complete process of crafting furniture with water hyacinth material. Before production, tools and material must be prepared first.

#### ✓ *Material*

Basic material that is used, are wet water hyacinth with long of stem about 45-50 cm. Big size about 50-60 cm. To prepare water hyacinth to be ready, some supplement is need such as clean water to cleang water hyacinth from dirt that patched.

#### ✓ *Water hyacinth preparation*

Basically, stem of water hyacinth can not be directly used as material of webbing. But must be preared through several process. There are

- Cleaning phas
- Drying phas
- Selecting phas
- Furcation phase

Sometimes demand of design of webbing, dry water hyacinth must be through additional stage there are:

#### ❖ *Webbing stage*

Water hyacing that has been proceed, is webbin to be sheets. There are several webbing process

- At the end clamped with wood clamp or nailed in wooden slats
- Even ribbon is pulled to the left, while odd ribbon is pulled otherwise.

- Put one of the ribbon among odd ribbon, this will be used as the pattern of wobbing that can be used to be unique pattern, beautiful and charming

#### ➤ *Emphasis cost*

Cost or competitive price make the product more reachable by market, pressing the cost by cost of production, distribution cost.

#### ➤ *Intensive promotion*

Intensive promotion become on ef the thing that must be done by company as the introduction of price.

#### E. *Competitor Analysis*

Right now, company only understand customer, there is no enough information to give attention to competitor.

#### F. *Competitor identification*

Based on extensive of substitution product, therefore.

- Brand competitor : Company that offers same product/service with
- Product Form Competitor : Other company make and offer certain category
- Generic Competitor: Other competitor that offer product that fulfill level of need like Olumpic, Springbed, Sofa factori etc.
- Desired competitor : Other company that offer product or service to fulfill distinctive need

#### G. *Competitor identification strategy*

- More similar strategy a company with same product, more tight competitor
- In a industry, competitors is classified as a group
- In group strategy, has same strategy

## IV. CONCLUSION

Conclusion that can obtained from the research is :

- Based on market aspect, investment opportunity identification, marketing mix decision and competitor analysis, so furniture business from water hyacinth is feasible to establish
- To gain maximum profit, company will be focused on export market that supported by strateci factory location that possible to deliver goods quick and marketing process that featuring internet to reach all over the world

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