

Chapter I

INTRODUCTION

I.1. Background

Nowadays furniture is become part of the lifestyle around the world. For many people furniture means more than just as furniture, it shows their economical status. More special the furniture, means more expensive and exclusive, then it will be more prestigious for them. The rich people tend to buy something very limited, something rare, or even only one in the world that no others could possibly have, and they will pay crazy price for that. Furniture market offers a big opportunity for Marga Agung to enter and grab the market. This condition is supported by the massive property development in Indonesia. The developers kept build super malls, luxury housing, high-rise building, offices, etc. Of course every kind of building needs furniture, but for this moment, Marga Agung still focused in non furniture product, but if Marga Agung consider the size of furniture market, it should enter this market, because it's huge and Marga Agung got all the resources, from human and natural resources to machinery, and this opportunity is too good to refused.

Family planning is the second reason. Petrus Hendro Sulistio founded Marga Agung in 1976. Right now, after more than 30 years, his sons (Andrew, Abie, and Asa) start to involve in the company. He realized that this is the time for his company to grow. He know that one company won't be suitable for his three sons, what he

wants is one son take control of one company. So he plans to do expansion to furniture industry.

The third reason is because after so many years work in wood industry, Marga Agung creates a huge volume of wood waste. It won't be called as a waste anymore if they produce furniture. Because they have all machinery required to make a finger-joint board. It is a board made from many small piece of wood which are joined together to be a board with same size as particle board, that is 122 cm width and 244 cm length. This finger-joint board will be the material in making furniture. So they will reduce the cost of materials and increase the profit by using the waste from Marga Agung wood industry.

Based on the backgrounds that already explained before, the author wants to conduct a research with the subject Business Plan Analysis (A Case Study of PT Marga Agung's Expansion to Furniture Industry).

I.2. Problem Identification

The idea for this research was based on the some prior research investigated the expansion opportunity of Marga Agung wood industry into furniture industry. From the description that the authors explained in the background above, so we can get the problem identification, which are:

1. How Marga Agung do the expansion to furniture industry?
2. What strategy does Marga Agung use to enter this new market?

I.3. Research Scope

For the operational of this research, researcher will limit the attention on how Marga Agung develops its product to furniture and its strategy in doing it. In order to make it clear and focus, the author would like to limit this study on:

1. Company studied is PT Marga Agung. The reason is because Marga Agung seizes the opportunity of expansion to furniture industry.
2. Marketing strategy (definition).

I.4. Research Objective

The purposes of the research are:

1. To analyze the business plan of PT. Marga Agung's expansion to furniture industry.
2. To investigate the effective marketing strategy to use in entering new market, which is furniture market.

I.5. Benefits of Study

1. For the author: Give better understanding about marketing new product strategy and fulfilled the requirement for S1 degree in management program.
2. For Marga Agung: To give an answer whether to do or not to do the expansion to furniture industry.

3. For other companies: Give information especially for another wood company in dealing with expansion to furniture industry.
4. For the reader: Give information and framework about doing expansion to furniture industry.

I.6. Research Method

I.6.1. Type of Research

The case study is one of several ways of doing social science research. Other ways include experiments, surveys, multiple histories, and analysis of archival information.

Rather than using large samples and following a rigid protocol to examine a limited number of variables, case study methods involve an in-depth, longitudinal examination of a single instance or event: a case. They provide a systematic way of looking at events, collecting data, analyzing information, and reporting the results. As a result the researcher may gain a sharpened understanding of why the instance happened as it did, and what might become important to look at more extensively in future research. Case studies lend themselves to both generating and testing hypotheses.

Another suggestion is that case study should be defined as a research strategy, an empirical inquiry that investigates a phenomenon within its real-life context. Case

study research means single and multiple case studies, can include quantitative evidence, relies on multiple sources of evidence and benefits from the prior development of theoretical propositions. Case studies should not be confused with qualitative research and they can be based on any mix of quantitative and qualitative evidence. Single-subject research provides the statistical framework for making inferences from quantitative case-study data. This is also supported and well-formulated in (Lamnek, 2005): "The case study is a research approach, situated between concrete data taking techniques and methodologic paradigms."

I.6.2. Research Location

Will be held in Marga Agung Company, Jl. Kebon Agung No: 168, Yogyakarta.

I.6.3. Subject of Research

The information of Marga Agung comes from the owner, Mr. Petrus Hendro Sulistio

I.6.4. Analysis Tools

1. Library research
2. Field research
3. Data Collection
 - a. Primary Data
 - Interview
 - Observation

b. Secondary Data

Documents, sales report, books and other handout

I.7. Writing Structure

This thesis divided into 5 chapters:

1. Chapter I: Introduction

This chapter describes the background of the research, problem identification, framework, the objective of the research, benefits of the study, research method, and writing structure.

2. Chapter II: Theoretical Framework

This chapter describes the theoretical background relevant to this research

3. Chapter III: Company Profile

This chapter describes about Marga Agung Company

4. Chapter IV: Data Analysis and Result of the Research

This chapter describes the result and explanation about the analysis of the Marga Agung's expansion to furniture industry.

5. Chapter V: Conclusion and Recommendation

This chapter explains about the conclusion and recommendation of the research.