

“What are the factors influence the price
of light and sound rental service ?”

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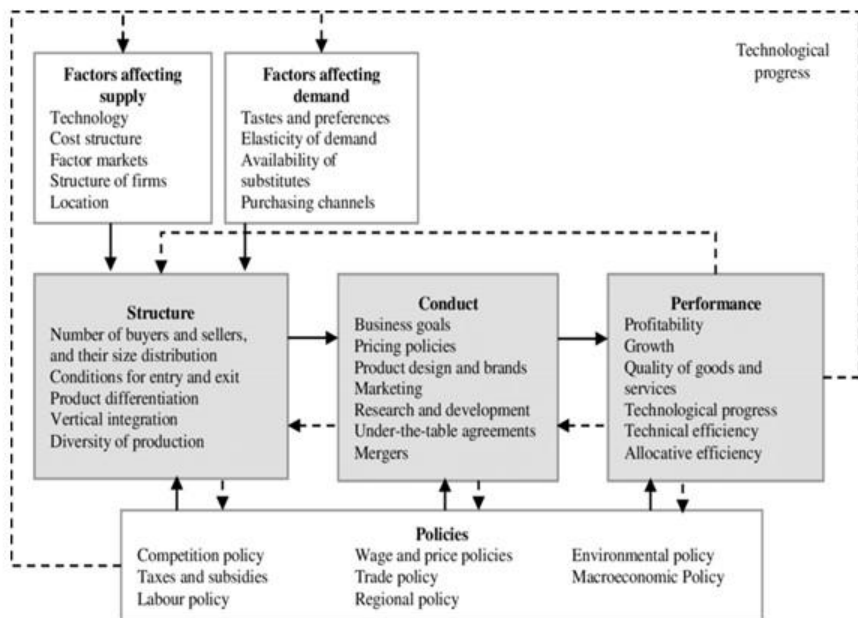
Research Question

1. What are the purpose for using Light and sound rental service ?
2. What strategies that firm use to compete in the market ?
3. How can firms expand the business ?



Methodology

Methodology



Using SCP framework to analyze the market structure, organization structure and competitive advantage and performance of the firms.



Conducting in depth-interview with 25 firms in the market. Because it provides much more detailed information than the survey

Example



Jack Sound System

Mister Team Production

10 Year Production

Other firms



Industry background

Industry background

- The demand of this service come from the needs to reduce the excess cost that occur from in-house production. Plus, the firm can focus on their business core values.
- **Constrain** : Cannot find any information about the number of firms registered in the system as there is no specific category for this market

Concert event



Warehouse

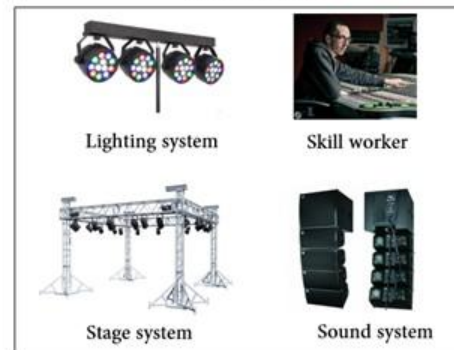


Logistic system



Workers

System Core





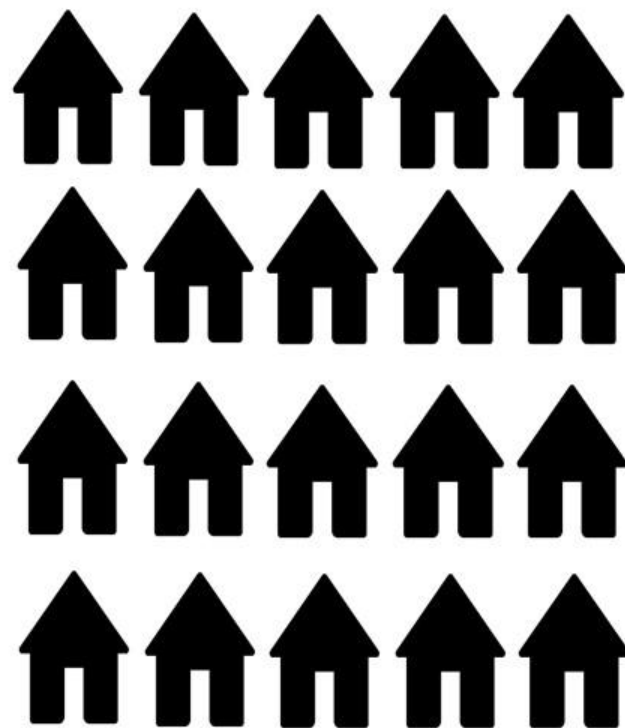
Structure Conduct Performance

Market Structure

- In this market, there are a few leading firms and many small firms. The structure of oligopoly and competitive fringe is the most proper framework to describe Thailand's light and sound rental system market. The existing of the Oligopoly have a market power at least competitive fringe does not.



Oligopolistic firms



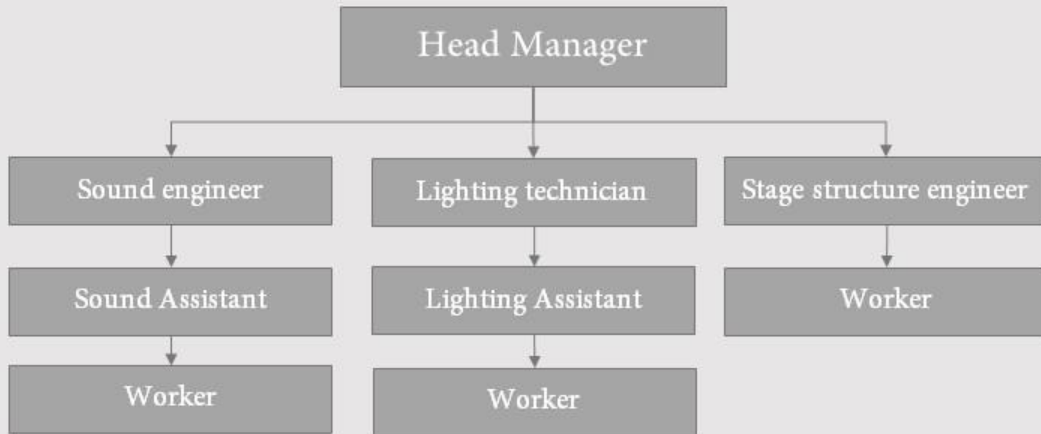
Competitive fringe

ORGANIZATION



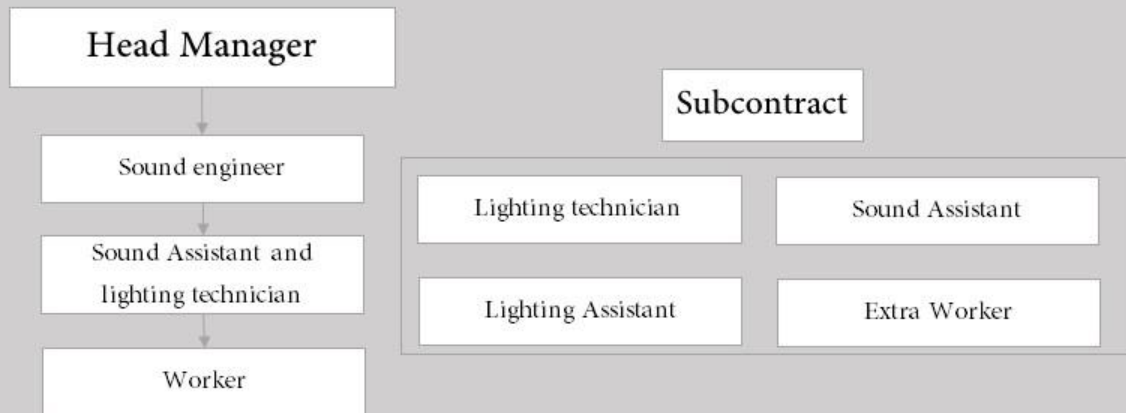
Oligopolistic firms

- Big and systematic organization
- Easy to control and distributed order to work



Fringe Firms

- Vertical Organization
- Rely on subcontract as it needs the flexibility to control cost

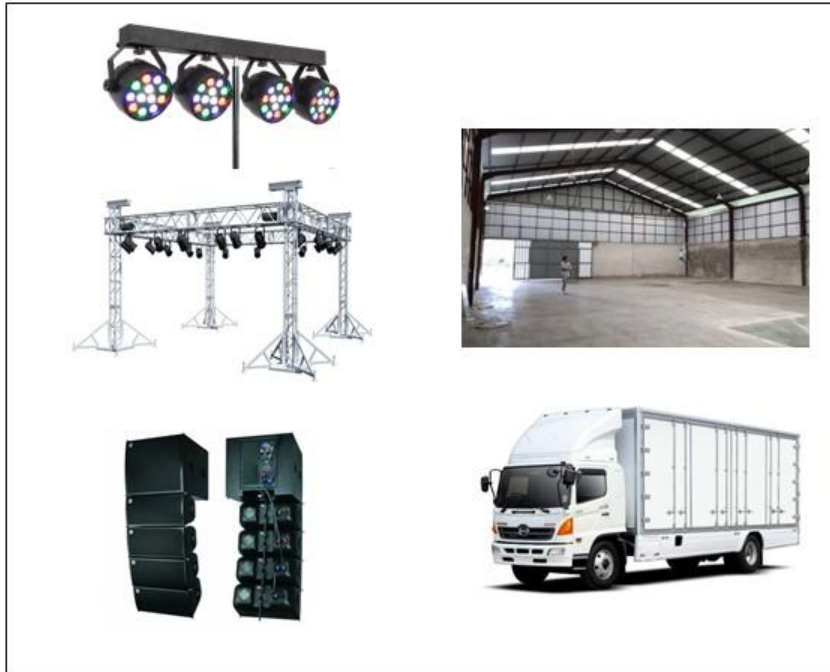


Source: constructed from the author's own survey

Type of Asset of the firms

Oligopolistic firms

Fixed asset



Competitive fringe

Fixed asset



Rent expense



Cost Structure

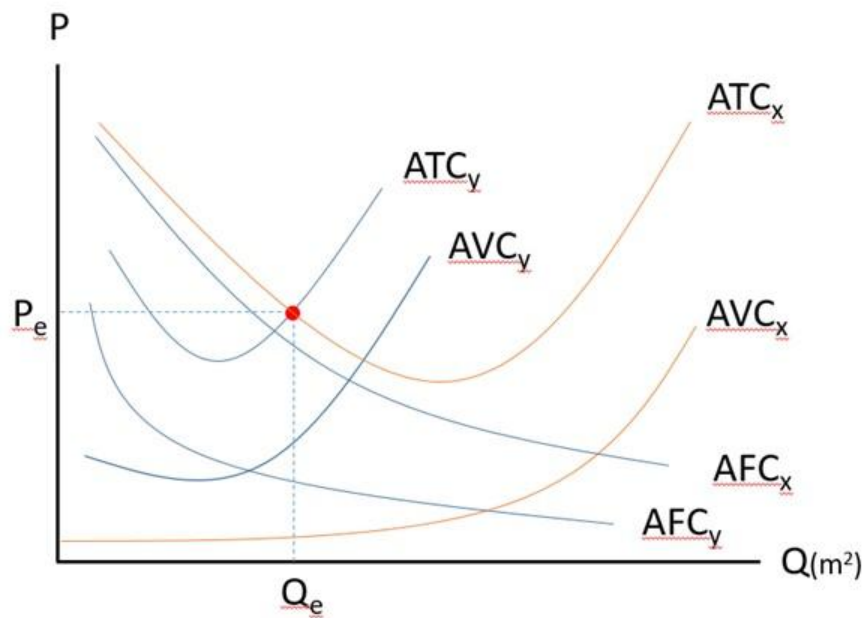
Table 1.) Cost structure of Oligopolistic firms and competitive fringe

Variable	Oligopolistic	Competitive Fringe
Sound system	Fixed cost	Fixed cost
Lighting system	Fixed cost	Fixed cost
Stage system	Fixed cost	Fixed cost
Warehouse	Fixed cost	Variable cost
Logistic system	Fixed cost	Variable cost
Skill Worker	Fixed	Fixed cost
Worker	Fixed cost/Variable cost	Variable cost
Transportation (Gas)	Variable cost	Variable cost

- Fixed cost of oligopolistic firms is higher than Competitive fringe due to the organization structure and long-term investment in infrastructure (fixed asset)

Source: constructed from the author's own survey

Cost Structure (Graph)



● Oligopolistic firms ● Competitive fringe

- At point Q_e , The average total cost of fringe firms is equal to the oligopolistic firms. If the area size exceed this point, fringe firms will have the production cost higher than the oligopolistic firms

Conduct

- From the in-depth interview, the factors that firms use to calculate the price are quality of the system and area size. Therefore, we can summarize the information to 4 segments which are small, medium, and large with the average rental time and average price per day (Table 2.)

Table 2.) Information for firms to conduct the price with average rental time and average price per day

Segmentation	Quality of the system	Size (m ²)	Average rental time	Average price/day
Small	Vary	50-120	1-3 days	3,500 – 8,000
Medium	Mid – high quality	200-1200	1-5 days	12,000 – 30,000
Large	High quality	1500-6000	7-10 days	Negotiate
Extra large	High quality	>6500	> 15 days	Negotiate

Source: constructed from the author's own survey



Small



Medium



Large & Extra large

Topic and Research Question

Methodology

Industry Background

SCP

Primary Conclusion

Competitive Pricing Strategy

- Only for Small and medium segment
- Existing of E-commerce system lower search cost
- Noncomplex system and low -level of customization
- Customer gain price-level knowledge



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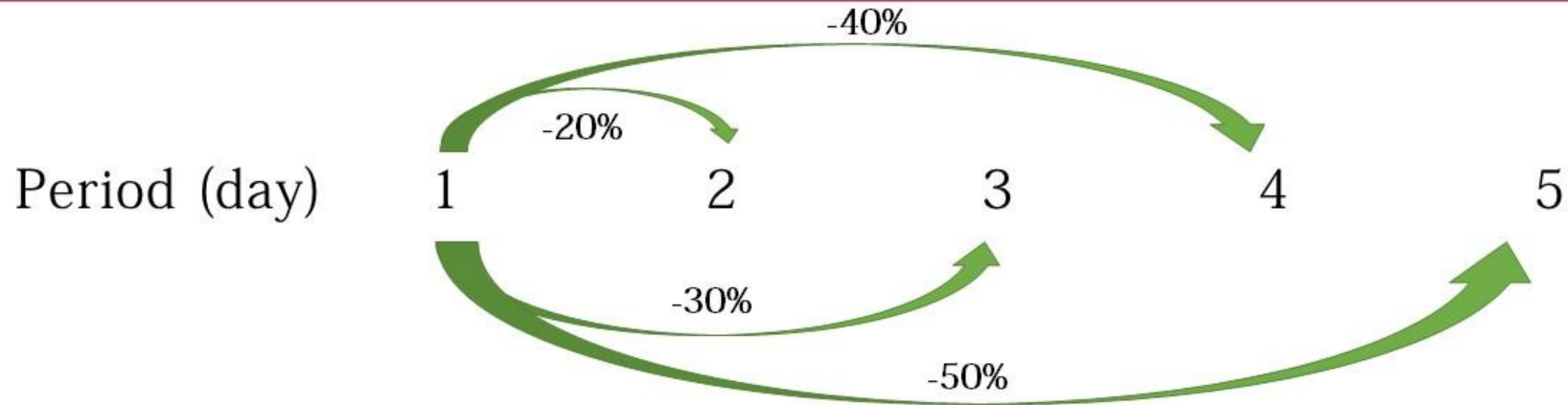


- Firms can perform this strategy in Large and extra large segment.
- This type serve for professional usage
- High quality system will use in this type because low quality system cannot achieve the professional level
- High-level of customization and complex system
- High search cost, customer hard to know about price

Quantity Discount (rental day)

- Some of the variable cost will decrease if customers rent their service more than one day at the same spot area (E.g. Transportation cost and expense on workers.)
- Firms will offer the quantity discount depend on the rental period (Negotiate for the discount)

Example of discount factor in each period of time



Performance

- Oligopolistic firms have a faster payback period because of the longer operation day in one year comparing to fringe.
- With the professional usage and fast payback period, oligopolistic firms will invest in new technology on their system to satisfy customer needs.

Limitation : cannot access the firm revenue and cost

	Oligopolistic firms	Competitive fringe
Payback period	Faster	Lower
Investment period	< 3 Years	3-5 Years
Quality of service	High	Vary

Source: constructed from the author's own survey

Primary Conclusion