

EE489 : Seminar

Introduction

I.) Statement of problem

Thailand where Religion, art, and culture combined into one. This created the unique and rich culture into this country. It is a fact that our country has a lot of celebrations and festivals in each province, district, and sub-district. One of the important ingredients of entertainment production is the light and sound, this creates a demand for light and sound system service more than any area in Thailand. The amount of money that flows in this market is enough to attract attention to people to do a rental service.

During the past decade, the ability to access the internet in rural areas increased due to the improvement in technology resulting in decrease in price of technological product price. The traditional way of communication is costly and becoming less effective to attract customer awareness. By using digital communication, it allows users to use more tools to reach the audience with a much smaller budget. Adding a bit of budget can boost your message to specific target groups.

However, the search pattern also changes as people can access more information. The reduction in search cost not only helps consumers to easily access to price but also increases competition in the market as they can have more alternatives. Thus, I found it is interesting to study on factors that affect change in price of light and sound rental service in the internet era.

II.) Market Overview

The light and sound rental service, we can divide the players into 3 categories by using capacity and ability to manage of the system

1. Big - Can providing all the range of system
2. Medium size - Suit for big such as concert but not professional
3. Small size - Providing both sound and light or only sound or light system. Suit for small event

*Characteristic of the supplier

Literature review

This research aims to analyze factors that affect change in price of light and sound rental systems. There are two main groups of customers which are individuals and firms. The rental service can be viewed as an outsource. The reason behind hiring outsource will be updated in the next submission. There are 3 factors that being consider for now which are

1. Culture factor

By definition, culture factors are the set of beliefs, moral values, traditions, language, and laws (or rules of behavior) held in common by a nation, a community, or other defined group of people.

2. Demographic factors

By definition, demographics factors are what make individuals different from one another by categorizing them based on their characteristics, for example, age, gender, income, education, and career. In general, when it comes to buying goods or services, demographic factors are inevitably taken into account of one that affects the purchase intention to the great extent (Kotler and Keller, 2006)

3. External factors

3.1 Price - The perceived price which offer by customer or seller

3.1.1 Pricing Strategy

3.2 Place - Where the service is locate or be able to attract customer

3.3 Promotion - Message sending to customer to raise the awareness

3.4 Product - The service that offer to customers

3.5 People - The people who run them from front line such as staff to satisfying customer in every aspect of service

3.6 Process - Proving the standardize beyond expectation to customers such as having tentative solving skills to serve in every situation.

3.7 Physical Evidence - What the consumer is paying for is intangible. The physical environment is made up from its ambient conditions; spatial layout and functionality; and signs, symbols, and artefacts (Zeithaml 2000).

Theoretical Framework

1. Pricing Theory

Price level Knowledge is the awareness of the level of a price. It is necessary for making a reasonable purchase decision.

Price-Origin Belief is the factor that causes a price to be high or low that can be used as rules of thumb for making price-level inferences such as items that show higher-quality materials will have higher prices.

2. Economic Theory -

Asymmetric information - is the specialization and division of knowledge, as applied to any economic trade. For example, the supplier knows more about sound systems than consumer.

First degree price discrimination - alternatively known as perfect price discrimination, occurs when a firm charges a different price for every unit consumed. The firm is able to charge the maximum possible price for each unit which enables the firm to capture all available consumer surplus for itself. In practice, first-degree discrimination is rare.

Methodology

The qualitative data collection is used in this study. The sample of the study consists of 50 people who serve the service in this market and 50 people for the customer side that already purchased the service before. The data will be collected by using depth interviews to get an insight of the industry. The questionnaire consisted of three sections concerning demographic, extrinsic factors including the 7P's ,and consumer behavior.

The 8 questionnaire for supplier (will be more)

1. How many types of service do you offer and how much does it cost ?
2. How many employees do you have ?
3. What type of employees ? ประจำหรือชั่วคราว
4. How long you work in this field
5. How many promoting channels do you have ? Promoting Channel including YouTube channel, Facebook, Facebook Page, Instagram
6. How many contracts do you sign ?
7. What type of customer do you serve and what service do they pick ?
8. How many people re-purchase your service, Why ?

The 3 questionnaire for consumer (will be more)

1. Do you frequently purchase the service, Why ?
2. What is the reason that you purchase this service ?
3. How do you allocate the budget spending on the service ?