

**Wenzhou Kean University**



**Homestyle Furniture**

**Business Plan**

Xu shaojian (Jeffrey Xu) 0952743

Hu Xiaoyi (Cassie Hu) 0952528

Wang Chen (Richard Wang) 0952679

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## Executive Summary

### Problem

The persistent high house price in China, especially in Wenzhou, has reflected the truth that every space is very precious. According to our observation, portion of students, staff and faculty in Wenzhou-Kean University and Wenzhou university town are greatly troubled by limited small area of dormitories and apartments. For instance, some people cannot equip their room with all furniture they want; some people feel tired to keep the things neat in the room since the necessities are competing with each other for space. Therefore, it is necessary to make full use of every space to satisfy people's need and make people feel comfortable. If this problem can be solved, the need for extra space can be reduced, which will be significant to deal with scarcity.

### Solution

Homestyle Furniture LLC. (HSF) is a themed company dedicated to offer creative, fashionable and convenient furniture to dormitories and apartments. The location of HSF's headquarters and outlets are in Wenzhou. It sells the products from Design for Manufacturability (DFM) which are experts in producing furniture. With the space-saving theme, HSF focuses on the sale and design of furniture (e.g. the furniture in the picture, which combines the function of both bookshelf and hanger.) by applying multifunctional, embedded or contractive structures, and all of the furniture can be easily installed in different rooms. Furthermore, for customers who want special designs, HSF also offers customization furniture according to their favors.



### Competition and competitive advantage

Based on our research, now there are more than 300 furniture companies in the market of Wenzhou, and many people prefer to purchase furniture in IKEA or do online shopping for convenient service. In order to save customers' time searching for space-saving furniture, HSF provides various such themed options for them to choose. Not only the initial covering area of the furniture will decrease at a great extent, which means it can save people's space without any function losing, but also economize the money to buy much single furniture.

In addition to space-saving and less money-costing, it makes the function of furniture more conveniently to be achieved, which can lead to the favor of customers

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and give rise to buying in bulk or repeating purchase. Since every business should take the responsibility of the society, HSF will use environmental material without pollution, and it will provide the service of recycling by trade-in, which is beneficial to both environment and customers.

## **Target Market**

The primary target market is the students, faculty and staff with the desire to take advantage of their space efficiently in Wenzhou-Kean University and Wenzhou university town. According to the survey and statics, this market size is about 64,000 people, and the market size has the potential trend to grow in the next few years. For example, 78 new WKU faculty apartments are planned to be available around June 2017. Surely, more faculty-hence more campus apartments will be built as the student enrollment increases over the next five years.

It is the most significant to satisfy customers' needs and wants. Firstly, though the furniture is well-designed, HSF doesn't charge much money from customers. Also, almost all of the furniture is made of environmental friendly materials. By advanced technology, the furniture can have a significant effect of space-saving. Furthermore, HSF offers excellent service such as Virtual Reality (VR) experience, 1-year free requirement without man-made damage and provides customers with a consuming option of 3-year warranty to cover breakage under normal use.

One of the key trends is that more and more young people become potential customers since they want to equip their dormitories to make it homey. For those people, they have an intense preference of fashion and creative products. In addition, working people tend not to purchase a large house or flat because it is just a living place for their convenience of working. Therefore, it is vital for them to make use of their space as efficient as possible. Nowadays, people are also considering more and more about environmental protection. They will be willing to accept something without damage to the environment.

## **Why US?**

HSF is space-saving themed furniture corporation. This kind of business model is an innovation in the Chinese furniture markets. Our team members are majoring in finance and accounting, we have a good understanding about how to run a business and have a clear plan about our financial affairs. Beyond that, two of three members in our team are born in business family and gain great experience from parents.

By applying these kinds of furniture, students, staff and faculty will have a more comfortable, home-like living situation. Thus, they will be more productive in their studies, teaching and research. Also, they may use social media to broadcast how

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enjoyable it is to live and study in Wenzhou-Kean University and Wenzhou university town. Thereby, it benefits the universities through increasing student enrollment and attraction and retention of faculty members. HSF has a very attractive value proposition that will benefit the entire university community.

### **Forecast**

HSF's goal about revenue is to earn the profits in the fourth year. Making loss at the beginning needn't to be worried because spending much money on advertising and making discounts to attract more customers to know the products will execute in the preliminary period. However, the revenue will grow at a stable rate. The first large deal will be made with Wenzhou-Kean University for newly built faculty apartments in the first year. Meanwhile, an increase of one outlet per two years is the planning growth rate without any accident. Besides, HSF will initiate the online sales channels on its own website and the stores of online sales platform like TMALL. The sales revenue in the first year will be ¥2,450,000.

In addition, understanding customer's motivation and their behaviors are also necessary. So money will also be spent on research and surveys. Reflecting on customer's feedback and improving products are still needed. Only then can the stable revenue growth be achieved.

### **Financing Needed**

Our team plans to raise 2,500,000 Yuan in total for the starting fund. The money will be spent on the following items: space renting, indoor decoration, human resource, advertisement, product imported and transported etc.

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## 1. Business Description

The business is named Homestyle Furniture LLC (HSF), which will be located in Wenzhou. In order to gather enough funds and limit the liability of shareholders, the company will be a limited liability corporation. HSF is now at the idea stage, and will be forming in the near future. Since the sale of the business includes the products from Design for Manufacturability (DFM). HSF now selects and gathers suitable products, besides, it is developing its own designs. Although the lease is not signed, HSF has its ideal site for warehouse and sales outlets. As for staff hiring, the plan has been decided for executing.

It will be organized by the three team members who respectively take the responsibility for CEO & President & Executive Director, VP Product Development & Marketing, CFO & VP Finance & logistics manager. HSF will be formed by eight departments including product development, marketing, information technology (IT), logistics, human resources (HR), financial, business operation and public relationship. HSF will start with 19 employees, one 100m<sup>2</sup> sales outlet, one 200m<sup>2</sup> office and one 500m<sup>2</sup> warehouse. Furthermore, the sales volume for the first year will be 35,000 pieces of furniture. Since HSF is a space-saving themed furniture company, this kind of business model is an innovation in the Chinese furniture markets. Therefore, HSF has the confidence to make the great share of furniture markets, which is highly probable to bring considerable benefit to investors.

Consistent with the mission, HSF will market the products to people with limited living space like dorm room, faculty apartment and family apartment. HSF will primarily target on the students with the desire to take advantage of their rooms efficiently in Wenzhou-Kean University and Wenzhou university town, also the staff and faculty there will be the secondary target market. It is the time for technology and information, and the sales of furniture will trend to be online with the integration of consulting, purchasing, delivering, installing and after-sales service etc. Thus, besides setting up the store of online sales platform like TMALL, HSF will develop its own website for online sales and establish efficient logistics to satisfy the need of every link.

### 1.1 Industry Overview

According to the overview of the chairman of the China Furniture Association, Changling Zhu<sup>1</sup>, China now situates in the position where the increase rate of economy is lower down. Thus, the developing pace of the furniture industry is also

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<sup>1</sup> Zhu, Changling. "Summary: the development of China furniture industry in the first half of 2016." 14 Sep, 2016. < <http://www.chinamenwang.com/news/hyxw/2016/160914158095.shtml> >

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decreased. However, it is still progressing, which is the potential opportunity for HSF. Now the real estate industry is more like downturn on account of high price, low purchase of house property directly leads to low purchase of furniture, which is the main reason for the low growth rate of furniture industry. However, the high price of house is an opportunity for HSF since its products can maximize the value of every space which is precious. In addition, many small or micro furniture enterprises failed their businesses due to the lack of the core technology or brand management. HSF will learn these experiences from other businesses, and develop not only on its own design and technology, but also cooperate with other brands to make the brand of HSF more renowned and attractive.

## **1.2 Company Description**

HSF is a company with the legal form of limited liability corporation. HSF is a new company which is planned to enter the furniture industry market. For the actual business of HSF, it will be retail and wholesale of space-saving themed furniture existing in the market or at the design stage, also, HSF designed its own furniture with its own attaching brand for sale after produced by other professional manufacturer.

The primary office will be located in the Henglong Building on the Station Rd, Lucheng, Wenzhou. With convenient traffic, this position is near to the primary target market and downtown, which is beneficial for both employees and clients. The rent here is in the affordable range, and the area is 200m<sup>2</sup> as we needed with office decoration. In order to deliver the furniture, HSF will purchase 2 trucks with different sizes of mini and medium, and the average duration for them is 12 years. In addition to normal computers, HSF will equip 3 iMac for design department with 5 years' duration.

### **Mission Statement**

To provide comfortable, home-like atmosphere in small living space (e.g., dorm room, faculty apartment, family apartment) with well-constructed and fashionable, multi-use furniture.

### **Vision Statement**

Establish a new household furniture style that accommodates the needs of Chinese students and families seeking better use of precious living space in their small dorm rooms and apartments.

### **1.3 History and Current Status**

Now, the house price is still rising at a high level, and many people still can't afford to buy a large house for living. It reflects the truth that every room is very precious, especially in dormitories and apartments on account of limited small area. Therefore, it highlights the importance to take the advantage of every space, which leads to the idea of space-saving themed furniture. Besides, the business model of such themed furniture companies which focus on the sale of furniture with the same feature doesn't exist in the current market. HSF's team members get together due to common interest of running business, and after discussion, the potential market of the business is discovered, not only because of the serious problem in the society, but also due to our innovative business model.

### **1.4 Goals and Objectives**

HSF plans to earn profits in the fourth year, of course, it will make loss at the beginning due to the large fixed cost, advertising and sale promotion cost. For the future large deal, since the new faculty apartment of Wenzhou-Kean University (WKU) is about to finish construction, HSF plans to have a wholesale deal with WKU in its first year, which will take at least 40% market share in WKU. For the outlets, an outlet will be run at the beginning and the second will open in the third year, also the outlets of HSF will cover every city of China in the future. HSF aims to become the largest space-saving themed furniture company in China, and get more than 15% of market share in China furniture market in thirty years.

Due to the restriction of our members' majors, HSF has to hire excellent designers to develop its own products under the brand of HSF in the first year, and plans to diversify the products in the second year. HSF will also export its products to other countries and build its international brand popularity in the second ten years. In the short term, HSF targets on building its brand awareness in the first five years, then it will consider to expand the domestic market and compete for more market share.

### **1.5 Critical Success Factors**

For a business, the success factors include many elements. Most importantly, it is considered to be management, employees and funding. Firstly, the management is significant as an internal element that can direct impact the business through inspiring or discouraging employees which is another internal element. HSF will use its management method to raise employees' working enthusiasm with bonus, also, it will develop equal atmosphere for employees, especially designers which is the core of HSF, to compete with each other and try their best to contribute to HSF. Funding, the

basis for any business, is the internal element to decide the operation of HSF. On account of the innovative business model and the bright business prospects with large potential market, HSF can attract investors, and make them willing to invest their money in the business with 20% shares offering them as return.

Once the new capital is in place, HSF can build its brand awareness by advertising and sales promotion, besides, HSF can raise the welfare for employees to absorb outstanding talents especially in design aspect. For the external element, the existing small furniture companies with space-saving furniture can have influence on HSF. HSF will cooperate with these small companies instead of competing with them to reach the point which is mutually beneficial. HSF's competitive advantage is to provide Chinese students and apartment dwellers with a new household style that can satisfy the need of the potential customers. In addition, the design of HSF is also the competitive advantage since its features of space-saving, convenience, and environmental protection.

## 1.6 Company Ownership

Table 1 shows the details of HSF's ownership.

<b>Name</b>	<b>Title</b>	<b>Number of Shares</b>	<b>Percentage of Ownership</b>
Shaojian Xu	CEO & President & Executive Director	2,500	25%
Chen Wang	VP Product Development & Marketing	2,500	25%
Xiaoyi Hu	CFO & VP Finance	2,500	25%
	<i>Total</i>	7,500	75%

**Table 1- The Ownership of Company**

## 1.7 Exit Strategy

In the process of Business Expand, HSF will execute the strategy of acquisition of some small furniture companies which do not have the capacity to operate any more. HSF plans to issue Initial Public Offerings (IPO) in the future, and the investors can get their money back by selling their own shares at the market price. In order to stabilize the share price, HSF will prepare enough capital that is used to buy-back the shares sold by investors before the issue of IPO.

## **2. Marketing Plan**

### **2.1 Market Segmentation Strategies**

#### **Group potential customers into segments**

The persistent high house price in China reflects the truth that every space is very precious. It won't be a strange thing that there are a certain number of people have relatively small living place because of insufficient saving and income. According to questionnaire results (see in Appendix), most people agree that limited space influence their moods, and they can't put anything they want. It is important for them to take advantage of each limited space efficiently. To ease people's pressure, HSF offers the furniture that helps people save space. Therefore, people who are greatly troubled by limited small area should be our potential customers.

After determining the potential customers, the next step is to group potential customers into segments. The purchasing power should be considered. The price determines the revenue, and then the cost and the quality of products are influenced. Thus the first standard for segmentation is people's money expense monthly, which is from their parents per month or the wages they earned. So the potential customers are divided into three groups: "high money expense monthly" group, "medium money expense monthly" group and "low money expense monthly" group. After that, each group is reassigned by "region". So each group is divided into three groups more: "urban" group, "suburban" group and "rural" group. Region is also an important factor because different area has different demands. For instance, people in urban may have more needs for the space-saving than those in rural because there is more people and competition for space in urban.

In summary, potential buyers are divided into nine segments under the standards of people's money expense monthly and region.

#### **Group products to be sold into categories**

HSF offers space-saving furniture with three attributes basically: multifunctional, contractive and embedded. Different customers must have different preferences of products. According to questionnaire results (see in Appendix), in the group of students, 50.54% prefer embedded space-saving furniture, 45.16% think highly of contractive one while 70.97% show their interest in multifunctional products. Because  $50.54\% + 45.16\% + 70.97\% > 100\%$ , so some people must prefer more than one kind. For example, some people are interested in purchasing the "Table-Chair" (The one that can be transferred between table and chair easily) that is multifunction while other people prefers both multifunctional and contractive "Table-Chair". If

“Table-Chair” that HSF offer has only one attribute, the first group of people can be satisfied by purchasing one that is multifunction. However, the second group of people have to purchase two: one is multifunctional and another is contractive to satisfy their demands. In this situation, the second group of people are not likely to do that because it is a wasting. It is a normal behavior but their demands are not satisfied actually.

To satisfy more people’s demands, HSF decides to offer products which have two attributes. Two basic attributes of the space-saving furniture are combined randomly to form three new groups of space-saving furniture to attract more customers. In total, HSF offer six groups of products: multifunctional, contractive, embedded, multifunctional and contractive, multifunctional and embedded, contractive and embedded furniture.

### Develop a Market-Product Grid and Estimated the size of Markets

To relate the segments of potential buyers to grouped products, Market-Product Grid is made. The horizontal rows are about products offered: multifunctional, contractive, embedded, multifunctional and contractive, multifunctional and embedded, contractive and embedded furniture. The vertical columns include nine different marketing segments based on basic living expense and region.

After finish this table, the next step is to estimate the market size of each cell. The number varies from “0” (no market) to “3” (large market). To make it clearly, “Relative Market Size” adds all numbers in each line. However, it is only an estimate and must have some deviation.

Market Segments		Product or Innovation						Relative Market Size
Money expense monthly	Region	M	C	E	M&C	M&E	C&E	
High	Urban	2	1	1	1	1	0	8
	Suburban	1	1	2	2	2	1	8
	Rural	1	1	1	1	0	0	4
Medium	Urban	2	1	1	2	2	0	8
	Suburban	1	1	1	1	0	0	4
	Rural	1	1	1	1	0	1	5
Low	Urban	2	0	0	1	1	0	4
	Suburban	2	2	1	2	2	1	10
	Rural	1	1	0	1	2	0	5

**Table 2 - Market-Product Grid**

**Tip 1: M:Multifunctional C:Contractive E:Embedded**

**Tip 2: 3=Large market; 2=Medium market; 1=small market; 0= no market**

**Tip 3: For the money expense monthly:**

**Low: ≤ ¥2,000; Medium: ¥2,000~ ¥5,000; High: ≥ ¥5,000**

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## 2.2 Targeting Strategy

### Select target market

After finishing the Market-Product Grid, it is time to select the target market. Target market decides the market HSF plans to enter and the customers that are served. Five factors are considered on this stage: market size, expected growth, competitive position, cost of reaching the segment and the compatibility with our objectives and resources.

According to the Marker-Product Grid, the following groups have relatively large market size: people in urban and suburban with high money expense monthly; people in urban with medium money expense monthly; people in suburban with low money expense monthly. It seems that people in urban and suburban are more likely to be the target customers.

Then, considering of the expected growth rate and competition, the groups which people have high money expense monthly should be given up. Most of people with high money expense monthly believe that high price products have high quality. They are sensitive about quality instead of price. Assume that these people are HSF's target customers, luxury furniture can be a strong competitor because it occupies large market share. There will be small possibility for us to make expected growth quickly. So in the short run, they won't become HSF's target market.

Given that the cost of reaching the segment and the compatibility with our objectives and resources, people in suburban with low money expense monthly is suitable to be HSF's target market. People with low money expense monthly require relatively low price. So they are more willing to purchase HSF's furniture. The competition is also acceptable. More importantly, HSF's objective is satisfying.

HST's target market is people in suburban with low money expense. Specifically, HSF's target market is the students, faculty and staff with the desire to take advantage of their s efficiently in Wenzhou-Kean University and Wenzhou university town. According to our questionnaire results (see in Appendix), 91.82% students strongly agree the problem that limited space brings while 57.14% non-students agree. Thus, HSF primary target market should be students in Wenzhou-Kean University and Wenzhou university town.

### Take market actions

After selecting the target market, immediate strategies and future strategies should be executed to reach target market.

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**• Short-Term strategies**

1. Advocate HSF through social media such as HSF's own website and hand-outs.
2. Announce that people who have Student Card can have 5% discount.
3. Collect customer's feedback and advice.
4. Provide free deliver service to customers whose distance is within 20 km when the deal larger than 10 pieces.
5. Sell the products from Design for Manufacturability (DFM)
6. Require HSF's own designer to create own space-saving furniture.

**• Long-Term Strategies**

1. Consider the product life cycle. Take different strategies in different stages.
2. Constant innovation in unique products to attract consumers.
3. Try to get to the balance point of customer's benefits and organization's benefits.
4. Have strategic alliance when necessary.
5. Always be honest and reliable towards customers.
6. Protect patent. If someone else copies our idea in an illegal way, prosecute them.
7. Trade-in. Execute this with the help of government to benefit both environment and customers

**2.3 SWOT Analysis**

<b>Strength</b>	<b>Weakness</b>
<ul style="list-style-type: none"> <li>• Location: our physical store is located at Wenzhou university town where 85% of Wenzhou college students and a lot of apartment dwellers are living there.</li> <li>• Understand about the target market: our core management teams have good understanding about students' demand and their preference.</li> <li>• Uniqueness: HSF Company operates space-saving themed furniture stores which bring people various solutions to make full use of the room and save time on purchase.</li> </ul>	<ul style="list-style-type: none"> <li>• Lack of brand awareness: people are unfamiliar with this new build up business.</li> <li>• High start-up capital: high prior-period investment is needed</li> <li>• Lack of fund: all start-up fund will come from loans and investors.</li> <li>• Lack of experience: core management teams are lacking of experience doing their first business.</li> <li>• Designers: founders are not proficient in designing products and need to hire professional designer to work.</li> </ul>

<ul style="list-style-type: none"> <li>Employee program: all of the employees in our company hold 4% shares of our company which stimulate them to work efficiently.</li> </ul>	<p><b>Actions:</b></p> <ol style="list-style-type: none"> <li>Highlight the importance of promotion and spend more on promotion and try to increase the brand awareness in a short time.</li> <li>Make full use of capital by cutting cost and improve efficiency.</li> <li>Learn from other companies' experience and have regular training to managers and employees.</li> <li>Cooperate with arts colleges to seek talent students and try to hire them.</li> </ol>
<p><b>Opportunities</b></p>	<p><b>Threats</b></p>
<ul style="list-style-type: none"> <li>Growing market: people have more belongings than before but the house space become more precious, there is a trend for people to make full of the room.</li> <li>New lifestyle: People pursue comfortable life even when they live in the dormitory or department and with the active use of social medium like Wechat, Weibo etc., it reduced our cost to advertising in these platform.</li> <li>New purchase pattern: With the development of online shopping people now prefer to shop in a more convenience way. It gives our themed stores more possibilities to increase sales by combining online stores and physical stores.</li> </ul>	<ul style="list-style-type: none"> <li>Competition: big companies like IKEA take large percent of market share due to their brand awareness.</li> <li>Supplier dependent: part of the products will be outsourcing at the first several years. Supply shortage may influence the sale in the early development stage.</li> </ul> <p><b>Actions:</b></p> <ol style="list-style-type: none"> <li>Target to slightly different markets compare with exist big companies</li> <li>Create benefits for manufactures and sign cooperation contracts with them.</li> </ol>

**Table 3-SWOT analysis**

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## 2.4 Competitor Analysis

- **IKEA:** IKEA is the world's largest furniture retail, it designs and sells ready-to-assemble furniture. In 2016, IKEA's annual sale had reached 36.4 billion euro. IKEA entered into Chinese market since 1998, so far it has taken more than 20% of market share in China's furniture market, and the sales revenue in 2016 was 12.5 billion Yuan. China has been the fastest growth market for IKEA. The advantage of IKEA is their products are self-assemble, which cut the cost of the furniture as well as the price. Many customer choose to buy product in IKEA partly due to its brand awareness and partly due to its low price. The products in their company do not have really high quality but are acceptable. The main target markets of IKEA are families so that IKEA offers them with series products needed. Compare with IKEA, HSF offer more cleverish furniture target to mainly students and apartment dwellers with the special design and also cheap price that is affordable by students.
- **Linshi Furniture:** Linshi is a young brand targets to young people who were born in 1980s and 1990s. It was opened on TaoBao as an online in 2007 and now it has built its own brand awareness and established 6 sub-brands. The innovative designs of Linshi appeal abundant young customers, the sales increased year after year and it is now one of the top 10 furniture companies in China. Linshi has successful marketing research about what is preferred by young people and combined with Japanese style and European style to design furniture. It also sell some space-saving furniture like bed and cabinet but the price is relatively high with relatively good quality.
- **Online Brands:** Online brands are various small online furniture stores open in e-commercial platforms like Taobao, Jingdong etc. Online shopping has been prevalent in the past years. In 2016, the sales of furniture on Jingdong has broken through 20 billion. These stores offer some creative products with lower price but the quality are usually not guaranteed and the things eventually received by customers may not be same as they imaged before. Most of these stores are in small scale, they sell the products from other manufactures and usually they do not have physical stores and have low brand awareness. People buy furniture on these stores are valuing more about the price and special pattern. HFS seeks to cooperate with suppliers who offer low price but also relatively good quality, it also has physical stores so that people can have an investigation in our stores before buy.

## **2.5 Positioning Strategy**

### **Position Statement**

To help people who are troubled by limited space, HSF offers the furniture that save space with reasonable price.

### **Product positioning through using Perceptual Maps**

#### **1. The importance for a product.**

The competed attributes includes space-saving, low price.

#### **2. The target customers rate competing products with respect to these attributes.**

The figures below shows the position of “Quanyou Furniture”, “Qumei furniture”, “Linshi Furniture”, “IKEA Furniture” and “Online Minifurniture”

#### **3. Discover where HSF’s products are.**

HSF’s products are at the point where arrow guides in the figures.

#### **4. Reposition the company’s product.**

Try to function more efficiently and lower price.



**Figure 1- Perceptual Map about low price and space saving**

## 2.6 4P's-Product Strategy

### •Design for Manufacturability (DFM)

To enter the market efficiently, HSF sells products from Design for Manufacturability (DFM) to get space-saving furniture supplied. Besides, designers also try their best to create HSF's own products.

### •Low price with high quality.

HSF provides customers with the relatively low price with high quality space-saving furniture. Whenever, HSF are honest and reliable for customers.

### •Three attributes.

The furniture has three attributes basically: multifunctional, contractive and embedded. "Multifunctional" means a product contains more than one's space-saving furniture function. "Contractive" means a product can be transformed between two or

more kinds of space-saving furniture easily. “Embedded” means a product that is combined with available space such as wall, stairs.

• **Special Designs.**

For customers who want special designs, HSF also offers customization furniture according to their favor.

• **Excellent service.**

HSF offers excellent service such as Virtual Reality (VR) experience, 1-year free requirement without man-made damage and provides customers with a consuming option of 3-year warranty to cover breakage under normal use.

Product Picture	Price (Per)	Kind	Description	Suitable Place
	95	Multifunctional, Contractive	Combine the function of table and chair. Can be transferred between table and chair easily.	dormitory, apartment
	80	Multifunctional , Contractive	When there is no need, it is only a picture on the wall; when the need comes up, the picture can be laid down easily and used as a table.	apartment
	45	Multifunctional, embedded	Combine the function of both bookshelf and hanger. The structure is reliable because of its high quality.	dormitory

	25	Multifunctional, embedded	Can store more things under the stairs.	dormitory
	90	Contractive	One black chair can be divided into one black and one white chair easily.	dormitory, apartment
	65	Contractive	The chair can be fold down when it is no need for sitting down.	dormitory, apartment
	30-120	Embedded	The storage rack can be integrated with the wall. Then space of blank wall can be exploited.	dormitory, apartment
	40-70	Embedded	To take advantage of the room below the bed efficiently.	dormitory, apartment

**Table 4- Product Menu**

**Tip 1: It is a clearly and simplified menu, main items that HSF offers in the first year are all included.**

**Tip 2: However, it doesn't mean the one in the picture is the only style HSF offers. If customers are interested in one but other style, they can contact with our salespeople or visit our website where shows more details and styles.**

## 2.7 4P's-Price Strategy

- **Penetration Strategy.**

HSF's target market now is the students, faculty and staff with the desire to take advantage of their s efficiently in Wenzhou-Kean University and Wenzhou university town. According to questionnaire's results (see in Appendix), most of them are price sensitive and accept price from 50 to 100. So the price of space-saving furniture won't be high.

- **Coupons.**

HSF will provide lots of ways for consumers to get coupons, which can help them save money. Activities are usually held in the festivals.

- **Students Welfare.**

Students can get 5%-off by showing their students card when they purchase.

- **The more the cheaper.**

If people purchase more than 20 pieces, they can get 10% discount, and 15% off for purchase more than 40 pieces.

- **Rule of accumulation.**

HSF offers the rule of accumulation. If customers pay in cash, ten Yuan equals a point. When the points come to certain amount, they can use to exchange for some small furniture gift.

## 2.8 4P's-Promotion Strategy

- **Advertisements and Inbound Marketing.**

HSF will have advertisements on social medias such as Weibo and Wechat. Most people now spend a lot of time on these social media, and advertise on media costs less compare with traditional TV advertisement. HSF also cooperates with popular official accounts to advertise products and hold free trail activities to attract more potential customers.

Inbound marketing means attract potential customers' attention into HSF's products and services efficiently. It provides more potential customers with chances to

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know HSF, and it increases the effect of advertisements, not only can HSF's brand be found more easily, but also customers can spread more details about HSF. Searching Engine Optimization (SEO)/Searching Engine Marketing (SEM) and Social Medias can be the ways to improve the visibility of HSF's advertisements. Paid advertisements of HSF's main products on the main interface of the social media and website should be most common way. Cross-links for the advertisement video between pages of the same websites will also be executed.

- **Service Center building.**

HSF will build own Service Center in some social softwares such as WeChat. If customers need help, they can use Service Center to contact us. Also, they can acquire abundant information through service center.

- **Hand-Out Brochure.**

HSF sends brochure about space-saving furniture at the gate of supermarket, dorm, and canteens to introduce the features of space-saving furniture and show the way to get products. Brochure includes coupons, customers can get 5 Yuan deduction if they consume more than 100 Yuan when purchasing space-saving furniture.

- **Recycle.**

HSF collects old furniture every year to reduce wasting. In addition, the materials that used to produce are all environmental friendly.

## **2.9 4P's-Place Strategy**

- **Door-to-door visiting.**

To get more attention, HSF will try to visit in every dormitory and apartment in Wenzhou-Kean University and Wenzhou university town to introduce space-saving furniture, guaranteeing not bother them.

- **Online sells and own website.**

It is the time for technology and information, and the sales of furniture will trend to be online with the integration of consulting, purchasing, delivering, installing and after-sales service etc. Thus, besides setting up the store of online sales platform like TMALL, HSF will develop its own website for online sales and establish efficient logistics to satisfy the need of every link. Inbound marketing will also be used.

### **3. Operational Plan**

#### **3.1 Location**

HSF does not purchase any house for operation, all of the sales outlets, office and warehouse are leased, which can be adjusted flexibly. HSF will sign 5-year contracts for these places and pay the rent yearly.

HSF is running both physical stores and online stores. The first physical sales outlet will be located at Business Center in Wenzhou university town in the first year, which is convenient for students to visit in person. Business Center is one of the most flourishing place for students to purchase their necessities, and nearly all of the students in Wenzhou university town know how to get there. The second, third sales outlets will be open at the third and fifth year in Wenzhou and the specific location will be adjusted according to the sales performance on the first outlet. Online stores will be opened on T-Mall, Jindong and official website. T-Mall and Jindong are top two widespread e-commercial platforms in China and most young people are getting used to purchase on these platforms because they are reliable and use-friendly. HSF guarantees no matter which channel our customers choose, they will receive the same superior services.

The office of HSF will be located in the Henglong Building on the Station Rd, Lucheng, Wenzhou, a busy place which is close to both downtown and Business Center. With the well-developed traffic, the employees will be convenient to get there and easy for HSF to do marketing research. Warehouse will be located at Wolong Rd, Ouhai which is near the Business Center. Due to its convenient traffic, it can save the time and expenditure on delivery. Besides, the warehouse is furnished with offices, bathrooms, dorms and a kitchen, which is beneficial for its operation.

#### **3.2 Operation strategies**

HSF developed its own operation strategies in order to make a more successful and competitive business. HSF is aiming at using operation strategies to bring values for all customers, suppliers and invertors and building loyal relationships.

- **Business Hours**

Sales Outlets: Monday---Friday: 9:30-21:30

Saturday---Sunday: 9:00-22:30

Online stores: 24 hours per day

If customers have any problems about the products, they can consult the sellers for help.

- **Production**

HSF will not build its own manufactories to produce products at the initial stage of their business. The products will be purchases from other manufacturers or authorize the manufacturers to produce the products designed by our own designers.

- **Delivery**

If customers purchase the products in our sales outlets and do not want to take them back by themselves, HSF will assign a driver to deliver the products. Usually, furniture is not urgently needed so HSF will package and organize the orders after a day's sales, the driver will take them away the day after that and deliver them to the customers. HSF will provide free delivery service to customers whose distance is within 20 km when the deal is larger than 10 pieces, which means that if the distance is larger than 20km or the deal is less than 10 pieces, HSF will charge a little freight. Of course, when a customer purchase more than 50 units at the same time, HSF will deliver the products separately according to the customer's requirements.

If customers purchase the products online, HSF will package the products elaborately and choose a trustful logistics company to deliver it. All of these transportation cost will be paid by HSF not the customers.

- **Trade-in**

In order to execute more effective promotion and take the social responsibility, HSF will set up trade-in policy. Customers can use their old furniture from HSF as a partial deduction when they buy the new one, and how much the old one can be used to deduct will be assessed based on preset rule. For the old furniture, some can use to recycle and reproduce, but some will be destroyed in an environmentally friendly way. Since there was a previous case that the government of Guangzhou sponsored a business to recycle old furniture to avoid pollution, HSF will contact with government and come to an agreement about the allowance on account of the loss to recycle.

- **After-sales Services**

HSF offers customers with systematic, satisfactory after-sales services no matter they purchase online or in the stores. HSF has warranty policies include return of goods without reason within 7 days and free exchange within 60 days with any non-man-made quality problems. Therefore, customers do not need to worry if they don't like the products or the quality of the products is not qualified. When customers face problems about how to use the products, they can contact with the customer services employees for any help. Besides, HSF will establish quarterly feedback

management system which is aimed to collect users experience and solve customers' problems.

### • Research and Development

Every year, HSF will spend a lot of money on research to explore customers' preference and transfer the information to the designers in the company. Designers will use the information to design products for customer. HSF advocates customers to express their ideas actively and HSF can convert their idea into real products.

## 3.3 Personnel

### • Departments Distribution

HSF sets eight departments with 19 employees and 3 founders. The specific distribution and the responsibilities of each positions is showed in the following chart.

<b>Departments Distribution (First year)</b>			
<b>Departments</b>	<b>Responsibilities</b>	<b>Number of employees</b>	<b>Managers</b>
<i>Product Development Department</i>	Design of new product; Customization	3	Chen Wang
<i>Marketing Department</i>	Research and development; Marketing strategies(Product, Price, Promotion, Place); Marketing plan; Markets analysis	2	Chen Wang
<i>Human Resources Department</i>	Employing training; Employing recruitment; Sign and preserve contracts; Attendance management;	1	Shaojian Xu
<i>Business Operation Department</i>			Shaojian Xu
1. Retail Seller	Retail furniture at stores	2	
2. Business Seller	Sell to online shoppers	2	
<i>Financial Department</i>			Xiaoyi Hu
1. Cashier	Cash receipts and payment; Bank settlement;	1	
2. Accountant	Bookkeeping; Prepare financial statements	1	
3. Audit	Financial audit; Internal control audit; Contract audit; Special audit;	Xiaoyi Hu	

<i>IT Department</i>	Website maintenances; computer maintenances; use platform(Wechat, Weibo) for propaganda	2	Xiaoyi Hu
<i>Logistics Department</i>			
1. Company Logistics	Purchase office suppliers; Report for repair;	1	
2. Drivers	Deliver the goods to customers	1	
<i>Public Relations Department</i>			Hired Manager
1. Cooperative corporation/ Government	Maintain the relations and deal with the issues between the manufacturers, corporative companies and government	1	
2. Customer services	Customers feedback collection; After-sales services; receipt	1	

**Table 5- Department Distribution**

#### • Pay Structure

All of the 19 employees hired to perform the responsibilities of each position are consider as the official employees and the salaries will be paid monthly at the beginning of the next month. Except the sellers and designers in the company, other employees are paid with fixed salaries, however, the salaries will increase 10% for one year's working experience in HSF. For the sellers and designers in the company, their salaries consist of two parts——basic salaries and additional bonus for their achievement.

HSF will provide fringe benefits to their employees at the end of the year. HSF will elect 3 optimal employees and give bonus to these outstanding employees. For sellers who need to work until night, HSF will give compensation for meals and transportation expenses. When some important festival come like Chinese traditional festivals, HSF will prepare some gifts like fruits and snakes to employees to show its great wishes to them.

Payments Detail is shown in the appendix (Table 9).

#### • New Employees Recruitment

Operate with 19 official employees in the first several years is available, when the company expands, more employees are needed, especially designers which is the core of HSF. HSF have developed its own talents recruitment plan, which is alliance with universities like China Academic of Art and other college of fine arts. HSF will sponsor design competitions in these colleges and offer the working opportunities to the prize-winners to work in HSF as an intern. HSF will decide to hire some designers if they have good performances. Furthermore, as the sales increase, HSF will need to hire more sellers and HSF is planned to add more sellers at the third year and fifth

year when HSF increases its outlets and give them a training together before they get into the position. In some special festival like double 11, which is the great promotion day now in China, HSF will hire some temporary employees to assist.

- **Inventories**

HSF has its special inventory management system. Unlike other furniture company, HSF is looking forward to cut the inventories and increase the liquidity of the company so that decrease the risk of overstock. HSF will launch out new products every quarter so the inventories will be purchased quarterly from the cooperated companies. According to the prediction of the sales, HSF purchases the first quarter's inventories and adjusted the order of next quarter depend on the performance of the first quarter.

In order to control the inventories at a low level, HSF encouraged customers to buy in groups. If the customers purchase more than 20 pieces at the same time, they can get 10% discount and 15% off for purchase more than 40 pieces. HSF will have presell activities before HSF sent the order to manufactories and the customers can get 8% discount through presell. Presell means customers need to pay part of the money to book in advance, and pay the rest of the money after a week. Customers can cancel the order before they pay the rest of the money, but the advance payment will not be return back.

### 3.4 Operation Expense

Operation Expense	
	Year 1
Legal Fee	3,000
Office suppliers expense	10,800
Salaries expense	127,200
Renting expense	370,000
Advertising expense	100,000
R&D expense	5,000
Insurance expense	10,000
Depreciation expense	34,252
Utilities expense	9,000
Maintenance expense	1,000
Decoration expense	60,000
Other Expense	10,000
Total Operation Expense	¥ 1,885,052

**Table 6- Operation Expense**

### **3.5 Manufacturers**

HSF will cooperate with some small manufacturers and buy the products from them. HSF seeks for manufacturers who are willing to sell the products with satisfactory quality but relatively low price. When cooperate with these small manufactures, HSF wants to build long-run stable relationship with them and is committed to achieve win-win situation for both parties. Firstly, as HSF cuts the cost of product and offers the lower price to the target customer, HSF can gain more market share and increase orders from the manufacturers so that manufacturers will also benefit from it. Secondly, HSF will make special ID card for every product to give a hot tip to the customers who are interested in the product, which will contain product name, range of application, and poetic description etc. If the manufacturers become the cooperation partner of HSF, their company name will also be shown on the ID card. As HSF improve their brand awareness, the manufactures can also improve their brand awareness.

### **3.6 Credit Policies**

Credit policies are set in order to reduce unrecoverable receivables.

1. HSF will not allow individual buyers to pay on credit.
2. Frequent buyers with more than 100 units per time can be allowed for 30% credit.
3. Frequent buyers with more than 500 units per time can be allowed for 50% credit.
4. Credit purchase will be used between HSF and other suppliers.

## **4. Management**

The management team is vital in the process of absorption of investment. Therefore, in this part, it will introduce the detailed information of the team and highlight how the team can contribute the development of the business.

### **4.1 Company Organization**

HSF will be organized by our team including three members which are in charge of five departments, and HSF will hire one manager as members of management team to take the responsibility of the remaining three departments. The organizational chart looks like a tree since the groups become larger from the top to the bottom. For the ownership, the three members respectively own 25% shares of HSF, investors totally get 20% shares, and employees wholly gain the rest 5% shares. Since HSF started as a

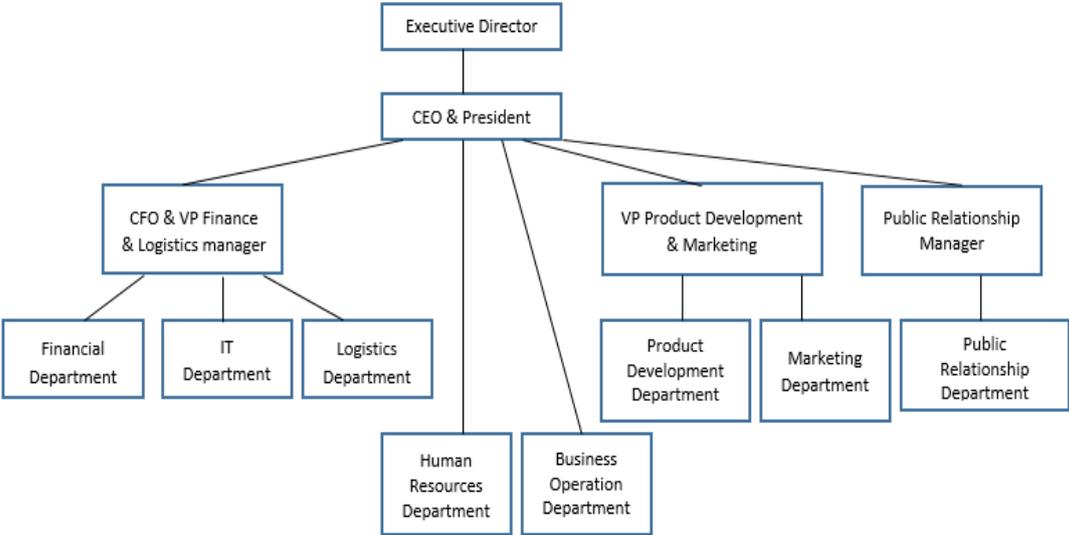
small business, it is not necessary for HSF to establish a board of director, instead, there will be an executive director to make the decision for the business.

#### 4.2 Management Team

Officers and Key Employees	Age	# Employees Managed	Background
President& CEO & Executive Director	22	5	Major in accounting in Wenzhou Kean University; have worked for Financial Operation Department; core member of the Organization Department and Youth League
Vice President of Product Development & Marketing	21	5	Major in finance in Wenzhou Kean University; have worked for China Galaxy Securities Co.Ltd; president of the WKU Speaker Club
Vice President of Finance & CFO	21	6	Major in finance in Wenzhou Kean University; worked for Founders Securities Company; core member of Youth League
Public Relationship Manager	To be hired	2	

**Table 7- List of the Management Team**

### 4.3 Management Structure and Style



**Figure 3- Management Structure and Style**

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## Management Style

HSF prefers to use style which can stimulate employees to contribute to the business, not only using the bonus, but also in the means of welfare. Most importantly, through its management style, HSF aims to construct the atmosphere of fair competition without any influence of the difference from superior and subordinate. Therefore, all the employees in the departments which have an immediate effect on the results of HSF's operation, like Product Development Department and Business Operation Department, are directly managed by the owners which is the highest rank of the business. It can avoid the vicious competition for positions, and the only way for employees to be outstanding is to use their own capacity to create excellent performance.

### 4.4 Ownership

Name/Title	# Shares Held	% Ownership
Shaojian Xu	2500	25%
Chen Wang	2500	25%
Xiaoyi Hu	2500	25%
Public Relationship Manager	100	1%
Inventors	2000	20%
Employees	400	4%

**Table 8- List of Ownership**

### 4.5 Professional and Advisory Support

- Corporate attorney
- Accounting firm
- China Furniture Association
- Insurance agent
- Bankers
- Consultants

## 5. Financial Analysis

HSF requires ¥2,500,000 start-up capital in total. Among this ¥2,500,000, ¥1,000,000 will be from three founders' parents and ¥ 500,000 will be from the bank by using their parents' credit as guaranty. The rest ¥ 100,000 will from other investors like angel investing and some business investors.

### 5.1 Star-up Funds

Homestyle Furniture, LLC	
Start-up Expense	
Legal	¥3,000
Stationery	4,000
Brochures	2,000
Rent expensed	370,000
Insurance	5,000
Research and Development	1,000
Others	1,000
Total Start-up Expense	386,000
Start-up Assets	
Cash balance on start date	1,648,100
Start-up inventory	147,500
Other short-term assets	0
Total short-term assets	147,500
Long-term Assets	318,400
Total start-up Assets	2,114,000
Total requirement	¥2,500,000

## 5.2 Income Statement

<b>Homestyle Furniture Company</b>					
<b>Income Statement</b>					
	2017	2018	2019	2020	2021
Sales revenue	2,450,000	4,287,500	7,288,750	11,662,000	18,076,100
Cost of Goods Sold	1,750,000	2,940,000	4,789,750	7,497,000	11,620,350
Gross Profit	700,000	1,347,500	2,499,000	4,165,000	6,455,750
Operating expenses					
Legal fee	3,000	0	0	0	0
Office supplies expense	10,800	8,000	9,000	9,000	10,000
Salaries expense	1,272,000	1,399,200	1,609,080	1,769,988	2,035,486
Renting expense	370,000	370,000	520,000	520,000	670,000
Advertising expense	100,000	50,000	50,000	50,000	50,000
R&D expense	5,000	6,000	7,000	8,000	9,000
Insurance expense	10,000	10,000	10,000	10,000	10,000
Depreciation expense	34,252	34,252	38,181	38,181	42,110
Utilities expense	9,000	9,000	10,000	10,000	11,000
Maintenance expense	1,000	10,000	10,000	10,000	10,000
Decoration expense	60,000	0	60,000	0	60,000
Other expenses	10,000	10,000	10,000	10,000	10,000
Total operating expense	1,885,052	1,906,452	2,333,261	2,435,169	2,917,596
Income from operations	-1,185,052	-558,952	165,739	1,729,831	3,538,154
Other expenses and losses					
Interest expense	30,000	29,700	29,400	29,100	28,800
Income before income taxes	-1,215,052	-588,652	136,339	1,700,731	3,509,354
Income tax expense (25%)	0	0	34,085	425,183	877,339
Net income	-1,215,052	-588,652	102,254	1,275,548	2,632,016

Annotation: Sales growth rate and average cost of per unit are shown in the appendix (Table 10)

### 5.3 Projected Balance Sheet

<b>Homestyle Furniture Company</b>					
<b>Projected Balance Sheet</b>					
<b>December 31</b>					
	2017	2018	2019	2020	2021
<u>Assets</u>					
Current assets					
Cash	725,092	116,350	173,702	1,336,962	3,621,005
Accounts receivable	49,000	85,750	145,775	233,240	361,522
Inventory	255,208	416,500	638,633	968,363	1,597,798
Prepaid expenses	60,000	60,000	80,000	80,000	100,000
Property, plant, and equipment					
Equipment	318,400	318,400	339,100	339,100	359,800
Less: Accumulated depreciation-- equipment	34,252	68,505	106,686	144,867	186,976
Total assets	1,373,448	928,495	1,270,525	2,812,798	5,853,149
<u>Liabilities and Stockholders' Equity</u>					
Current liabilities					
Accounts payables	87,500	235,200	478,975	749,700	1,162,035
Interests payables	1,000	2,000	3,000	4,000	5,000
Long-term liability	500,000	495,000	490,000	485,000	480,000
Stockholder's equity					
Owner's Capital	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
Retained earnings	-1,215,052	-1,803,705	-1,701,450	-425,902	2,206,114
Total liabilities and stockholders' equity	1,373,448	928,495	1,270,525	2,812,798	5,853,149

## 5.4 Cash Flow Statement

<b>Homestyle Furniture Company</b>					
<b>Statement of Cash Flows</b>					
	2017	2018	2019	2020	2021
Cash flow from operating activities					
Net income	-1,215,052	-588,652	102,254	1,275,548	2,632,016
Adjustments to reconcile net income to net cash provided by operating activities					
Depreciation expense	34,252	34,252	38,181	38,181	42,110
Increase in accounts receivable	-49,000	-36,750	-60,025	-87,465	-128,282
Increase in inventory	-255,208	-161,292	-222,133	-329,729	-629,436
Increase in prepaid expenses	-60,000	0	-20,000	0	-20,000
Increase in accounts payable	87,500	147,700	243,775	270,725	412,335
Increase in interest payable	1,000	1,000	1,000	1,000	1,000
Net cash provided by operating activities	-241,456	-15,089	-19,202	-107,288	-322,273
Cash flows from investing activities					
Purchase of equipment	-318,400	0	-20,700	0	-20,700
Net cash used by investing activities	-318,400	0	-20,700	0	-20,700
Cash flows from financial activities					
Issuance of shares	2,000,000	0	0	0	0
Issuance of long-term debt	500,000	-5,000	-5,000	-5,000	-5,000
Payment of cash dividends	0	0	0	0	0
Net cash used by financing activities	2,500,000	-5,000	-5,000	-5,000	-5,000
Net increase in cash	725,092	-608,742	57,352	1,163,260	2,284,043
Cash at beginning of period	0	725,092	116,350	173,702	1,336,962
Cash at end of period	725,092	116,350	173,702	1,336,962	3,621,005

## 6. Appendix.

### Questionnaire and Results

1. What is your identity? (请问您的身份是?)

Options(选项)	Percentages(比例)
A. Students (学生)	91.82%
B. Non-students (非学生)	8.18%

2. In what extent do you agree that your dormitory or apartment have limited space and need more space? (在多大程度上你同意“你的宿舍或者公寓空间有限”这一说法?)

Options(选项)	Percentages(比例)
A. Strongly agree(强烈同意)	42.72%
B. Agree(同意)	34.95%
C. Undecided(没意见)	17.48%
D. Disagree(不同意)	3.88%
E. Strongly disagree(强烈不同意)	0.97%

3. Which of the following problems do you think the limited space will bring? (Multiple Choice) (你觉得狭窄的空间给你带来什么坏处?)

Options(选项)	Percentages(比例)
A. Influence people's mood (影响人的心情)	63.11%
B. Lack of the feeling of home (缺乏家的感觉)	24.27%
C. Can't work or study efficiently (不可以很高效的工作)	38.83%
D. Can't put anything that you want (不可以摆放任何想摆放的东西)	63.11%
F. Easy to make room mass (很容易把房间搞乱)	53.4%

4. Our company, Homestyle Furniture (HSF), plans to sell well-designed mini-furniture which helps to saving space. In other words, you can enjoy two or more good's function while our products only occupy a set of good's space. Would you like to purchase? (我们公司将会销售一些不占空间的新型家具, 比如把多种产品的功能结合到一种产品, 从而节省了空间, 你愿意买吗)

Options(选项)	Percentages(比例)
A. Yes(买)	74.76%
B. No (不买)	9.71%
C. I have no idea (没意见)	15.53%

5. Which of the following characteristics of products are you interested in? (你对具有以下特点的产品感兴趣)

Options(选项)	Percentages (比例)
A. Embedded (嵌入型)	50.54%
B. Contractive (收缩型)	45.16%
C. Multifunctional (多功能型)	70.97%
D. Others (其他)	2.15%

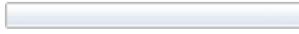
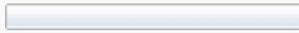
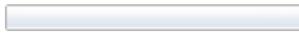
6. If you are willing to purchase, which of following factors are important for you? (Multiple Choice) (如果你愿意买, 你比较看重产品的哪个方面?)

Options(选项)	Percentages(比例)
A. Price (价格)	78.49%
B. Warranty (售后)	31.18%
C. Configuration (构造设计)	69.89%
D. Function (功能)	78.49%
E. Others (其他)	2.15%

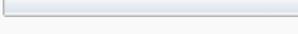
7. How much money do you willing to pay for a set of furniture that helps to save space? (你愿意花多少钱买这么一类家具呢)

Options(选项)	Percentages(比例)
A. 0 RMB- 50 RMB	10.75%
B. 50 RMB-100RMB	46.24%
C. 100RMB-150RMB	32.26%
D. ≥150 RMB	10.75%

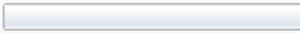
8. In what extent do you agree that your dormitory or apartment have limited space and need more? (在多大程度上你同意“你的宿舍或者公寓空间有限”这一说法?)

Options(选项)	Percentages(比例)
A. Strongly agree(强烈同意)	 0%
B. Agree(同意)	 57.14%
C. Undecided(没意见)	 42.86%
D. Disagree(不同意)	 0%
E. Strongly disagree(强烈不同意)	 0%

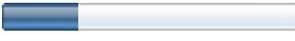
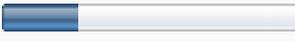
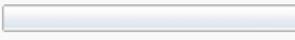
9. Which of the following problems do you think the limited space will bring? (Multiple Choice) (你觉得狭窄的空间给你带来什么坏处?)

Options(选项)	Percentages(比例)
A. Influence people's mood (影响人的心情)	 29.41%
B. Lack of the feeling of being family(缺乏家的感觉)	 17.65%
C. Can't work or study efficiently (不可以很高效的工作)	 23.53%
D. Can't put anything that is needed (不可以摆放任何想摆放的东西)	 23.53%
E. Easy to make room mass (很容易把房间搞乱)	 5.88%
F. Others: (其他)	 0%

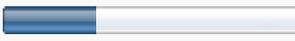
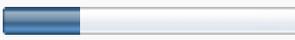
10. Our company, Homestyle Furniture (HSF), plans to sell well-designed mini-furniture which helps to saving space. In other words, you can enjoy two or more good's function while our products only occupy a set of good's space. Would you like to purchase? (我们公司将会销售一些不占空间的新型家具, 比如把多种产品的功能结合到一种产品, 从而节省了空间, 你愿意买吗)

Options(选项)	Percentages(比例)
A. Yes(买)	 100%
B. No (不买)	 0%
C. I have no idea (没意见)	 0%

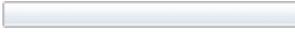
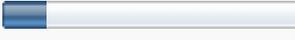
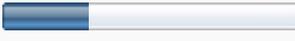
11. Which of the following characteristics of products are you interested in? (你对产品有下面哪一种特点比较感兴趣)

Options(选项)	Percentages(比例)
A. Embedded (嵌入型)	 25%
B. Contractive (收缩型)	 25%
C. Multifunctional (多功能型)	 50%
D. Others(其他)	 0%

12. If you are willing to purchase, which of following factors are important for you? (Multiple Choice) (如果你愿意买, 你比较看着产品的?)

Options(选项)	Percentages(比例)
A. Price (价格)	 26.32%
B. Warranty (售后)	 31.58%
C. Configuration (构造设计)	 15.79%
D. Function (功能)	 26.32%
E. Others (其他)	 0%

13. How much money do you willing to pay for a set of furniture that helps to save space? (你愿意花多少钱买这么一类家具呢)

Options(选项)	Percentages(比例)
A.0 RMB- 50 RMB	 0%
B.50 RMB-100RMB	 14.29%
C.100RMB-150RMB	 57.14%
D.≥150 RMB	 28.57%

**Tip:**

To make it clear, question 2-7 are for students, question 8-14 are for non-student.

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**Other Tables**

<b>Payments Detail</b>			
<b>Departments</b>	<b>Positions</b>	<b>Salary Per Month ( ¥ / m)</b>	<b>Growth Rate Per Year</b>
Product Development Department	Designers	7,000	10%
Marketing Department	Marketing	6,000	10%
Human Resources Department	Human Resources	6,000	10%
Business Operation Department	Retail Sellers	Basic salary 3,000 plus ¥0.5 per unit they sell	Basic salary increase 10%
	Business Sellers	Basic salary 3,000 plus ¥0.5 per unit they sell	Basic salary increase 10%
Financial Department	Cashier	6,000	10%
	Accountant	6,000	10%
	Auditor	6,000	10%
IT Department	IT	7,000	10%
Logistics Department	Company logistic	5,500	10%
	Drivers	5,500	10%
Public Relations Department	External Relations	5,500	10%
	Internal Relations	5,500	10%
	Manager	8,000	10%

Table 9 - Payments Detail

	Year 1	Year 2	Year 3	Year 4	Year 5
Sales (Units)	35,000	61,250	104,125	166,600	258,230
Growth Rate	-	75%	70%	60%	55%
Average cost per unit (¥)	50	48	46	45	45

Table 10 – Growth Rate and Cost