

Assessment of the factors that influence the purchasing decision of furniture in Bangladesh

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Abstract

The furniture market in Bangladesh is ever-competitive, with several strong competitors and an alternative range of products. Though furniture is used for family and individual usage, the decision-making power resides with the head of the family. Thus, purchasing furniture depends not only on family requirements but also on the financial and psychological aspects of the household. This study aims to find key factors people consider before purchasing furniture. A total of 21 variables responsible for influencing the purchase behavior of customers for furniture have been extracted from previously done research works. 100 households are selected randomly and have been surveyed using a structured questionnaire. Factor analysis was applied to reduce the number of total variables. Along with the Kaiser-Meyer-Olkin (KMO) statistic, Bartlett's test of sphericity has been used. We used SPSS 16.0 to analyze the data collected from primary sources.

Keywords: Purchase Decision, Furniture Market, Factor Analysis, Consumer Behavior

1. Introduction

Furniture is what we sit on, sleep on, and live on. The human race has been using furniture since the Stone Age. People are changing their requirements daily and demanding more developed furniture as they like to decorate their places to have an extraordinary look. People seek comfort with attractive designs and longevity of their furniture. In Bangladesh, people tend to buy different types of furniture for regular use and to enhance the beauty of their places. So, an insight can be traced about the importance of furniture among the people of Bangladesh. People in Bangladesh are increasingly concerned about keeping up with the modern lifestyle, which motivates them to purchase new furniture. A new trend in furniture has arrived and is influencing home decor trends in cities and rural parts of the country. Modern furniture shops and the buying power of the people are the main two catalysts of this change in the furniture-buying process. Another significant aspect of buying furniture is that people now take alternatives to wood more positively than the prior generation. During the last decade, Bangladesh has been one of the renowned furniture exporters in the world because of its quality and reasonable price. People always look for things with maximum quality and minimum cost. Bangladeshi furniture possesses international standards and considerable prices.

1.1. Objectives of the study

- i. To analyze consumer behavior towards furniture.
- ii. To identify the factors that influence the purchasing decision.

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2. Literature review

Many similar studies have been conducted in different parts of the world. These studies have taken into account several variables that fit corresponding socio-economic aspects. Even in the case of methodologies used to carry out the research, different analyses have been done using various software. A study has been conducted to analyze the purchase behavior of furniture consumers in Thailand to benefit furniture manufacturers and retailers in decision-making depending on consumer behavior. The study found a strong correlation between socio-demographic situations, purchase patterns, behavioral intention, and factors influencing the choice of furniture. Lifestyle and room setting are also significant factors influencing the choice of furniture. Comfort, color and pattern, and mood desire are key factors from customers' point of view. Moreover, design, materials, manufacturing method, size, shipping and storage, and services are key elements from the manufacturers' perspective that determine the furniture cost (Fujita et al., 2012).

Another study conducted to understand the furniture decision-making process and design preference revealed that people are more attracted to furniture superior in style, color, price, construction, ease of maintenance, comfort, material, and matching with other items. These variables are extracted from conducting focus group discussions. Later, the variables are checked using VRIS from a 3D model database with 624 people who were asked to try different combinations of variables they think about before buying furniture (Yoon and Cho, 2012). In order to evaluate the effect of social factors specifically on consumer behavior in purchasing home furnishing products in Jordan, one study was conducted with over 400 respondents. The study finds a positive relationship between the reference group, family, price, quality, and color with the ultimate purchase decision. Detailed statistical analysis was done using descriptive, factor, correlation, and regression analyses and reliability tests (Al-Azzam, 2014).

The US retail furniture and home furnishing industry is affected by macroeconomic factors. Kaufinger (2014) demonstrates whether disposable income, consumer debt burden, and consumer sentiment impact furniture sales. Secondary data from the last two decades have been analyzed to determine the quarterly impact on sales. Apart from consumer debt burden, the other two variables are found to have a positively significant impact. An Ordinary Least Squares (OLS) regression model has been suggested to satisfy the econometrics of retail trade. In addition to these studies, a case study has been developed to identify the factors influencing consumer buying behavior of durable goods, especially furniture (Thangasamy and Patikar, 2014). Further, the factors are examined to determine whether they induce buying behavior, and accordingly, some suggestions have been made in light of marketing mix elements that benefit the manufacturers. The study was conducted over 300 middle-class households, and the influencing variables found were advertisement, past experience, friends' and relatives' recommendations, goodwill of the manufacturer, reputation of the retailer, and retailers' recommendations.

From these previous studies, many variables that go hand in hand with the perspective of Bangladeshi consumer behavior towards furniture have been extracted. However, it is difficult to recall the long list of variables, and thus, there comes the urgency of reducing the number of variables to key factors that carry more weight. With that intention, this study applies factor analysis. Though previous research has provided a robust analytical platform, no study has used these many variables in a single-factor analysis to group-related variables to form individual factors.

3. Methodology

Quantitative research has been conducted in this study to present the current furniture market scenario. Therefore, this study is descriptive research in nature. Primary data was mainly used to perform the study. And the study assembles a very marginal extent of secondary data. All the primary data was collected by surveying the respondents. Different websites and published papers have been used to collect secondary data. To ensure normal distribution of the collected data, a minimum of 30 samples is required, and as there are 3 categories of furniture (i.e., wooden, plastic, or metallic), 100 samples are sought. The researcher thinks that this sample is representative of the population as all family households that have purchased at least one (1) wooden, plastic, or metallic piece of furniture in the last year are considered the target population of this study. Based on the geographic location of the family households residing in Dhaka, the capital of Bangladesh, the sampling frame has been shortlisted. Still, there is a scope for future researchers to proceed with more samples to get more dependable results. A simple random sampling technique was applied to collect samples. In this technique, each household had an equal chance of being selected. Mostly, the heads of the households who made furniture decisions were surveyed. Some MCQs based on demographic questions were included in the questionnaire, followed by the research topic. A 5-point Likert scale was used for the respondents to express their agreement or disagreement. Factor analysis has been conducted using SPSS 16.0 to analyze the collected data.

4. Analysis and findings

21 variables have been taken into consideration in this study. These variables are derived from reviewing the literature on related subject matter. And the variables must have to be correlated for the factor analysis to be appropriate. These variables are as follows:

V1 – Lifestyle	V2 – Purchasing Decision
V3 – Consumer Debt Burden	V4 – Mood Desire
V5 – Room Setting	V6 – Match with other Items
V7 – Comfort	V8 – Ease of Maintenance
V9 – Color	V10 – Style
V11 – Price	V12 – Family
V13 – Friends	V14 – Relatives
V15 – Reference Groups	V16 – Advertisement
V17 – Previous Experience	V18 – Goodwill of Manufacturer
V19 – Reputation of the Retailer	V20 – Retailer Recommendation
V21 – Quality	

Bartlett's test of sphericity evaluates the hypothesis that the variables in a study are not correlated within the population. The population's covariance matrix is assumed to be an identity matrix, with 1s on the diagonal and 0s off-diagonal. The hypothesis concerning the identity of the population correlation matrix is named the null hypothesis. The value equals the Koi test of independence. The test statistic for sphericity is a function of the chi-square transformation of the determinant of the correlation matrix. The high test value exceeds the null hypothesis. Another aspect is the Kaiser-Meyer-Olkin KMO, which evaluates the goodness of a measurement. This indicates a 'measure' comparison between the strengths of the observed correlations and the strengths of the partial correlation coefficients. KMO values lower than 0.5 indicate that the

correlations between some variable pairs cannot be sufficiently explained by other variables, which might make factor analysis unsuitable.

Thus, it can be considered that factor analysis is appropriate (Table 01, Appendix). The KMO is 0.618, which is good since it is between 0.5 and 1.0. The approximate value of the chi-square statistic is 1067, which is significant at 0.05. So, the null hypothesis is invalid, and the belief that all variables are related replaces it. We have conducted factor analysis for data reduction purposes, focusing on the range of variables V1-V21. This analysis has uncovered the most important factors that explain the furniture purchase decision in Bangladesh.

Only seven factors have been extracted from (table: 02, appendix) since the cumulative percentage is over seventy percent and the eigenvalue is over 1.0 (it is advised that factors with type I errors more important than 1 should not be discarded). Their presence confirms that the analysis with the derived factors is complete.

The analysis of the seven extracted components is to be interpreted as the loading variables with coefficients more significant than one. In the rotated component matrix table (Table 03, Appendix), factor 1 has high coefficients for Goodwill of the Manufacturer (.897), Reputation of the Retailer (.915), Retailer Recommendation (.934), and Family (.437). Thus, factor 1 can be entitled "Word of Mouth and Referral." Factor 2 has high coefficients for comfort (.596), Ease of Maintenance (.739), Friends (.683), Relatives (.833), and Reference Groups (.855). Thus, this factor may be labeled as "Usability and Referral." Factor 3 exhibits high coefficients for advertisement (.758) and previous experience (.788) and a moderately high coefficient for quality (.574). Therefore, this can be labeled as "Quality Exposure." Factor 4 shows high coefficients for Room Setting (.617) and Color (.763) and a moderately negative coefficient for style (-.523). So, this factor can be called "Ambience Adjustment." Factor 5 demonstrates high coefficients for Customer Debt Burden (.840) and moderately high with Matching with Other Items (.691). Though the variables are not directly associated, it denotes customers' perceptual aspects of furniture. Therefore, the fifth factor will be regarded as "Customer Perception" from the undefinable variable. Factor 6 has a high coefficient for lifestyle (.638) and a moderately negative coefficient for Mood Desire (-.550). Therefore, this factor can be named "Personal Psychological Aspects." Lastly, factor 7 has a high coefficient for price (.778) and a slightly high coefficient for Purchase Decision (.438). Hence, this seventh factor can be called "Price Sensitivity."

5. Conclusion & recommendations

The furniture market is not versatile in terms of usage over the ages. Instead, it is more versatile in terms of purchase decision-making. The ultimate purchase decision is made mainly by the head of the family, and the factors they consider have shown diversity. The study pulled out a wide range of related variables as suggested by authors who previously conducted similar studies. However the way in which variables are analyzed sums up the uniqueness of the study. It is evident from the statistics that people value word of mouth about the furniture manufacturer and recommendations of friends and family members before making the final buy. Yet, advertising has a role in influencing customers by highlighting the quality and usability of the furniture. Based on the findings, we can add some recommendations for the manufacturer below:

a) People want the furniture to match the room's decor. Furniture manufacturers have to give people a solid reason why they should select their brand and count the expense as a wise investment.

b) some households wish to give different themes to their households. Targeting those customers will be too niche a segment to provide substantial revenue. Thus, furniture manufacturers can have the option to prepare customized products only if ordered.

c) The price war in the furniture industry varies significantly depending on the material, and thus, substitute products with lower prices get a competitive edge. To remain in the market, furniture manufacturers have to focus on innovation of design and style that suits the trends and lifestyles of the people.

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Appendix

Table: 01

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.618
Bartlett's Test of Sphericity	Approx. Chi-Square	1.067E3
	Sig.	.000

Table: 02

Total Variance Explained						
Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	4.458	21.229	21.229	4.458	21.229	21.229
2	2.690	12.812	34.041	2.690	12.812	34.041
3	2.110	10.049	44.089	2.110	10.049	44.089
4	1.906	9.074	53.164	1.906	9.074	53.164
5	1.653	7.870	61.034	1.653	7.870	61.034
6	1.186	5.647	66.681	1.186	5.647	66.681
7	1.051	5.003	71.684	1.051	5.003	71.684
8	.965	4.593	76.277			
9	.873	4.157	80.433			
10	.818	3.896	84.329			
11	.717	3.414	87.743			
12	.497	2.366	90.109			
13	.425	2.022	92.131			
14	.390	1.857	93.988			
15	.302	1.436	95.424			
16	.275	1.310	96.734			
17	.211	1.007	97.741			
18	.176	.836	98.578			
19	.160	.762	99.340			
20	.095	.454	99.793			
21	.043	.207	100.000			
Extraction Method: Principal Component Analysis.						

Table: 03

Rotated Component Matrix^a							
	Component						
	1	2	3	4	5	6	7
Lifestyle	.086	-.170	-.066	-.048	-.131	.638	-.002
Purchasing_decision	-.090	-.092	-.360	.062	-.321	-.377	.478
Consumer_debt_burden	.075	.020	-.058	-.131	.840	.112	.156
Mood_Desire	-.087	-.155	-.320	.117	-.274	-.550	-.111
Room_setting	.391	.069	-.471	.617	.007	-.075	-.251
Match_with_other_items	.063	-.142	-.153	.102	.691	-.413	-.124
Comfort	.095	.596	-.063	-.576	-.183	.163	.053
Ease_of_maintenance	-.131	.739	-.154	.084	-.231	.372	.077
Color	-.249	.299	.193	.763	-.123	.078	.088
Style	-.096	-.065	-.132	-.523	.044	.347	-.282
Price	-.002	-.107	.175	.044	.113	.114	.778
Family	.437	-.092	.186	.199	.374	.172	-.114
Friends	-.180	.683	.210	.032	.022	-.416	-.078
Relatives	-.215	.833	.111	.147	-.023	-.017	-.094
Reference_groups	-.189	.855	.065	.087	.133	-.192	-.089
Advertisement	.180	.207	.758	.076	-.003	-.016	.324
Previous_experience	.249	-.152	.788	-.011	-.253	.070	.000
Goodwill_of_the_manufacturer	.897	-.123	-.049	.034	-.016	.058	.011
Reputation_of_the_retailer	.915	-.198	.120	-.125	.104	.035	.025
Retailer_recommendation	.934	-.172	.092	-.058	.058	.037	.004
Quality	-.247	.192	.574	.315	.118	-.059	-.137
Extraction Method: Principal Component Analysis.							
Rotation Method: Varimax with Kaiser Normalization.							
a. Rotation converged in 24 iterations.							