CHAPTER 1

INTRODUCTION

Marketing strategies witnessed a shift from the product-oriented approach to consumer-oriented approach and later the focus of emphasis shifted to relationship marketing and relationship management. This necessitated the study of consumer behaviour in all its details. This is because consumer is the person on whose decision a demand for product or service is dependent. The attitude of consumer or buyer decides how demand will emerge for a new product and service and how existing goods and services will be sold. The attitude in turn depends upon many economic, social, cultural, climatic factors. Income levels also influence the decisions, stage of economic development, lifestyle perceptions, education, information, size of family and a hoast of other factors.

The study of consumer behaviour implies how and why a particular consumer or group reacts to decision of producers. According to Engel (James f) and Mini and Paul Kaf “consumer behaviour are those actions directly involved in obtaining, consuming and disposing of products and services, including the decision process that precedes and follows the action”¹. Thus, consumer behaviour is the study of how individuals make decision to spend their available resources (time, money, effort) on consumption related items. It includes the study of what they buy, why they buy it, when they buy it, where they buy it, how often they buy it, and how often they use it.

One of the few common denominators among all of us – no matter what our education, our politics, or our commitments- is that above all we are consumer. That is, we use or consume – on a regular basis –food, clothing transportation, etc. The decisions we make concerning our consumption

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behaviour affect the demand for basic raw materials, transportation, production, banking they affect the employment of workers and the deployment of resources, the success of some industries and the failure of others.

The study of behavioural aspects of consumers is the study of how individuals make decisions to spend their available resources – money, time, and efforts – on consumption – related items. Consumption affects our lives through either our own actions or those of other consumers. It has got a great deal of practical relevance to our daily living.

Behaviour refers to any muscle movement even within the body; even electrical activity in the nervous system such as brain waves can be called behaviour. Thus, consumer behaviour refers to acts of individual directly involved in obtaining and using economic goods and services, including the decision making process that precedes to determine theses acts. Consumer behaviour is an integral factor in the ebb and flow of all business in a consumer – oriented society.²

In order to be successful, a marketer is concerned with – who is the consumer? What do consumers buy? When do consumer buy? How do the consumers buy? From where do consumers buy? Why do consumers buy? Peter F Drucker³ is of the opinion that “It is the consumer who determines what a business is... what it produces and whether it will prosper. The importance of consumption was recognized even in early periods, or at least two hundred years ago, when Adam Smith stated that consumption is the sole purpose of all production”.

Of the dozens of categories of human action – working, sleeping, mating, eating, breathing, buying and so forth, the one of primary importance to the marketer is buying.⁴
Consumer behaviour was a new field of study in the mid of late 1960s. The new discipline borrowed heavily from concepts developed in other scientific disciplines, such as psychology, sociology, social psychology, cultural anthropology and economics.\(^5\)

**SCOPE OF THE STUDY**

Usually in consumer behaviour one studies the behaviour of consumers for consumption goods but in the study the behaviour of buyer is also included. He may be user (i.e) ultimate consumer or he may be buying for someone else. In certain products like medicines one buys on the prescription of a physician which is also part of consumer behaviour. They are also purely consumer goods with short life and once they are used they extinguish. They are called fast moving consumer goods. There are other consumer goods which are durable like cars, refrigerator, electrical irons, juicer-mixer and furniture but they are basically consumer items with long life. The behaviour of consumer for all these products are taken on different consideration than short term consumer goods like fruits, juices, ice-cream or milk. The study implies study of all consumer behaviour, to consumption goods and taste for different items. Most studies confine consumer behaviour to consumption goods and take consumer durables only casually or do not study them at all . Their emphasis is largely on day-to-day consumption goods which is only partial study of behaviour of consumer because ultimately one has to take decision for purchase of consumer durables also. In short the consumer behaviour implies the study of behaviour of purchaser of all goods and services whether consumer goods, intermediate goods or consumer durables.

In the light of these observations this study aims at analyzing consumer behaviour towards house hold furniture which is an important component of consumer durables in any house hold. Furniture which was once considered as
an item of luxury has become an item of necessity. It is considered as reflecting the lifestyle perceptions of consumers and as attained the levels of a status symbol. Traditionally an average Indian used mats and carpets to receive and entertain his guest at home. The affluent lot made furniture with the indigenous carpenters to suit their taste and in most cases designed the furniture themselves. Later on wooden stools, benches and cane chairs found their place in middle class families also. Folding chairs, wooden, cane and metal furniture became a part of household furniture in course of time. With rise in employment, income levels, spread of education and affluence, furniture has become an important constituent of annual household budget. The purchase decisions are guided by quality, comfort, ergonomy and affordability. The steady growth in demand has led to the increase in the number of manufacturing concerns and retail outlets, all over the country.

**STATEMENT OF THE PROBLEM**

Three major players are in the field today. Styles Spa, formerly known as Gautier, is a multi-national corporation, floated by the Birla group to manufacture and distribute compressed wood furniture all over India. Branded furniture in solid wood is specialized by Usha Lexas, floated by Usha group, is popular in North India and South India. Godrej and boyce is another multi national that has now entered the home furniture segment though it specializes in office furniture and steel furniture. In addition, JFA, a 70 year old company caters to the requirements of consumers in Tamil Nadu. Apart from these companies, there are other local players who supply either ready-made furniture or make them to order in all localities. In the last 10 years, powder-coated mild steel tubular furniture has gained support from the middle class as it is economical and also eco-friendly. Due to these developments, the study of consumer behavior attains great significance for two reasons: a) The potential is estimated to be between 6000 crores and 10,000 crores per year according to
Mr. Sunil Suresh founder and CEO of Stanley seating on the eve of the company's tie up with La-Z-Boy, the US based $2 billion upholstered furniture company. The furniture offered by the MNCs and organizations with branded furniture meet only about 10% of this demand and the remaining 90% is met by the local players.

Since there is a vast potential for household furniture, organized groups may soon start their entry into the market. This is certain to increase the competition leading to relationship marketing and relationship management. Hence, understanding the consumer and his tastes and preferences will take top priority in determination of goals and the means of achieving them. Among other things, after sales service is an important factor that influences purchase decisions because, the Indian families cannot afford to replace or discard the furniture too often. Reliable and prompt service may lead to retention of consumers and generation of reference sales.

Often the satisfaction perceived by the consumers in terms of after sales service leaves much to be desired in terms of satisfaction actually derived. This study also aims at measuring the extent of the satisfaction perceived and the satisfaction derived with regard to after sales service.

**OBJECTIVES OF THE STUDY**

1. To study the characteristics of consumers owning selected items of furniture.

2. To analyze their level of importance attributed to select categories of household furniture, the associations between characteristics of consumers and the importance of household furniture.

3. To identify the order of priority on preferred attributes of selected categories of furniture, the difference in perception of attributes based
on characteristics of consumers, influence of attributes on the importance of household furniture.

4. To study the impact of demographic characteristics of consumers, sources of information, purchase decision process on the importance of household furniture.

5. To examine the after sales services satisfaction, the association between importance of household furniture and after sales services satisfaction.

HYPOTHESES

Null Hypothesis1 - There is no association between purchase behaviour and level of satisfaction.

Alternate Hypothesis1 - There is association between purchase behaviour and level of satisfaction.

Null Hypothesis2 -- Solid wood, compressed wood and metal furniture do not differ significantly in the level of satisfaction of consumers.

Alternate Hypothesis2 -- Solid wood, compressed wood and metal furniture do differ significantly in the level of satisfaction of consumers.

Null Hypothesis3 -- Demographic variables do not predict the purchase behaviour of furniture consumers.

Alternate Hypothesis3 -- Demographic variables do predict the purchase behaviour of furniture consumers.
RESEARCH METHODOLOGY

Pilot study and pre-testing

A preliminary investigation was undertaken by contacting 50 consumers of furniture. Convenient sampling method was applied. The purpose of the pilot study was to test the popular furniture, quality of the items in the questionnaire and to confirm the feasibility of the study. The response obtained from consumers is treated under cronbach alpha method to know the reliability of items present in the questionnaire. The test revealed a highly significant alpha value 0.846 for all the items in Likerts five point scale. The rational distribution of all the options in the questionnaire further increased the validity. It is also found that the response of fifty samples is normally distributed.

Furniture selection

The study deals with three types of furniture namely solid wood, compressed wood and metal furniture possessed by the consumers. These specific furniture are identified during the pilot study process. A simple survey was conducted among 50 consumers with various life styles to obtain a opinion about the furniture present in their home.

They are requested to respond the type of the durable present in their home in a suitable five-point scale. The survey questionnaire consists of 6 furniture and respondents gave the following importance to the durable furniture.

<table>
<thead>
<tr>
<th>Furniture</th>
<th>Mean scores</th>
<th>Ranks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Solid wood</td>
<td>4.64</td>
<td>1</td>
</tr>
<tr>
<td>Metal</td>
<td>4.60</td>
<td>2</td>
</tr>
<tr>
<td>Compressed wood</td>
<td>4.37</td>
<td>3</td>
</tr>
<tr>
<td>Bamboo</td>
<td>4.02</td>
<td>5</td>
</tr>
<tr>
<td>Glass</td>
<td>3.76</td>
<td>6</td>
</tr>
<tr>
<td>Fiber</td>
<td>4.31</td>
<td>4</td>
</tr>
</tbody>
</table>
From the above table it is found that the first three furniture possess the mean scores significantly high and was considered as most important by the consumers. So the first three furniture solid wood, compressed wood and metal furniture are selected for the study.

**Data sources**

The sources of data are primary as well as secondary. The data collected from consumers of furniture in Chennai survey constitute primary. The consumers in different areas with various life style are requested to respond to the well framed questionnaire. The main sources of secondary data are books by Indian and foreign authors, registered research journals, popular and technical magazines, reports of government and private organizations, websites and daily standard newspapers.

**Questionnaire design**

The data was collected for the study by means of a 4-part questionnaire. Part-1 of the questionnaire was framed to obtain general information about the consumers of furniture, part-2 dealt with life style perception and purchase behaviour, Part-3 was designed on the importance of buying the furniture, affordability, persons influencing the purchase and information search. The purpose of part-4 was to incorporate the characteristics features of different furniture of the study, after sales services and satisfaction level of consumers.

**Data collection**

The primary data from the consumers is obtained by distributing the questionnaire with a covering letter personally to each and every respondent and they were requested to return the filled in questionnaire after 15 days when
the researcher visits them. The respondents took the period of fifteen days to two months to return the completed questionnaire. The secondary data are collected by the researcher by visiting standard libraries of reputed universities in India and also subscribed the standard magazines to collect the required secondary data. The collected both primary and secondary data are scrutinized and tabulated using computer packages.

**Sample Design**

The primary data were collected from consumers of different life style in a convenient random sampling method. It is identified that the consumers with different life style are distributed over all parts of the Chennai city. Among these well-classified groups of consumers the questionnaire are distributed to them in a random manner and collected successfully. So the sample design of this study is convenient random sampling method.

**Sample size**

The sample that was chosen for the study covered all parts of Chennai. Totally 497 consumers of furniture were selected on proportionate random sampling method. Out of the sample, 454 consumers only returned the filled in questionnaires and of them 402 only were found useful for the analysis. Hence, the exact sample of the study was 402.

**Reliability and validity of the study**

The questionnaire for collecting the primary data consists of 4 sub sections regarding as mentioned in questionnaire design. The statements of these aspects which are in Likert's five point scale are tested for its reliability using cronbach alpha method. The overall alpha value for the all the statements
of the sub sections is found to be 0.894. So the primary data collected for the study is highly reliable.

The study is highly valid for the present context. The population considered for the study is consumers with different life style in the metropolitan city. They almost possess all the consumer furniture included in the study. The furniture selected for the study are more popular among the consumers. The study is considered as the most valuable in present marketing. The attributes and other details are updated and useful for the customers. The opinion of the study is obtained from leading furniture dealers and consumers with different tastes and life style perception.

**Statistical tools used**

This study empirically focuses many results with the help of sophisticated statistical tools. Both multivariate and univariate tools are brought to bear on the problems of analysis.

01. Factor analysis by principle component analysis method is applied to reduce the numerous variables into well defined variables required for the objective of the study.

02. K-means cluster analysis is exploited to classify the samples into heterogeneous groups.

03. The parametric one-sample t-test and One way ANOVA are used to find the significance in the mean scores.

04. The non-parametric chi-square test is applied to find the association between two variables of the study.

05. The multivariate discriminant and general linear model analysis are found usable to justify the cluster classification.
Data analysis

The primary and secondary data collected from their respective sources are statistically tabulated and the computer package SPSS (statistical package for social sciences) is used to derive useful results suitable for the objective of the study. Percentage analysis expressed the distribution of education, age, gender, life style, income, marital status, children, residential status and of consumers. Factor analysis is applied on the life style perception of consumers in the study to identify the dominant life styles.

K-means cluster analysis is used to classify the consumers into various heterogeneous groups based on the factors of life style of the furniture. The multivariate discriminant analysis is used to justify the heterogeneous groups of consumers of furniture.

One way analysis of variance checked the differences among the group means of attributes, problems during warranty / guarantee period, customer care, service deficiency, and overall performance with respect to various options.

The non-parametric chi-square test is exploited to find association between the clusters of consumers and their demographic variables.
LIMITATIONS OF THE STUDY

This research does not study the impact of imported furniture on consumer behaviour.

1. It does not analyze the impact of indigenous carpenters who make furniture on order on changing tastes and fashions on consumer behaviour.

2. The area of study is limited to Chennai metropolitan city only.

3. This research confines itself to Teakwood and Padak wood in the solid wood category, Particle Board and Medium density fibre wood in compressed wood category and powder coated mild steel tubular furniture in metal category.

4. The period of study is confined to the five-year period from July 2000 to June 2005 in the new millennium.

5. This study confines itself only to household furniture for living room, dining room, bedroom and entertainment and computer furniture.

6. Plastic furniture is not considered as a category in this research.

7. It includes the users of furniture in Chennai in Tamilnadu without discrimination regarding family life cycle, age, education, income and occupation.

8. Family decision making models of consumer decision-making and certain behavioural aspects are not covered in this study.

9. Particular brands and other types of furniture are not dealt with in this study.

10. View of dealers is not considered in the study since this focuses mainly on the factors of purchase behaviour and their satisfaction.
CHAPTER ARRANGEMENT

Chapter-1 deals with brief introduction about consumer behavior and research methodology.

Chapter-2 sketches the review of related literature of various aspects of consumer behavior.

Chapter-3 highlights the furniture industry and its growth in recent years, production and sales trend.

Chapter-4 presents the factors of purchase behavior of consumers of furniture.

Chapter-5 provides characteristics of furniture and after sale service of different sources.

Chapter-6 deals with consumer satisfaction due to purchase of different types of furniture. This chapter also includes the source of influence, information and affordability of consumers.

Chapter-7 summarizes the findings along with suggestions to furniture manufacturing companies for framing their marketing strategies.
REFERENCES

1. Engel (James F), Black Well Roger D. Mini and Paul Kaf – Consumer behaviour, P.3


5. Chapter on consumer Behaviour Research and Social policy page 486 in a Handbook of Consumer Behaviour.

6. La-Z-Boy to soon hit Indian markets by Kalpana Chitre, (Chennai 1 Nov. 2005, Deccan Chronicle)