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Effects of perceived product quality and Lifestyles of Health and Sustainability (LOHAS) on consumer price preferences for children's furniture in China

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ABSTRACT

The effects of perceived product quality and orientation toward Lifestyles of Health and Sustainability (LOHAS) on consumer price preferences were studied with the use of survey data of the children's furniture market in two metropolitan cities of China: Shanghai and Shenzhen. Based on the results from a factor analysis and logistic regression, consumers' perceived product quality of children's furniture was identified as a four-dimensional construct: 'supplier attributes', 'extended product attributes', 'basic product attributes' and 'environmental quality attributes'. Consumer price preferences were discovered to be negatively influenced by 'basic product attributes', but positively influenced by consumer orientation towards LOHAS, gender and education level. In conclusion, China's children's furniture market presents a high-end niche segment with growth potential for both furniture producers and wood material suppliers.

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Introduction

Today, China is the world's largest furniture producer and exporter (Hong Kong Trade Development Council (HKTDC), 2014a). China's rapid economic growth has significantly increased peoples' disposable income during the past two decades, and many Chinese people are willing to invest in home decoration. As the core element of family life, child-related consumption decisions play an increasing role in China's economy. With growing wealth and awareness of food safety issues and other environment-related hazards, several profound changes have occurred in consumer lifestyles in China, for example, there has been increasing consciousness regarding Chinese consumers' Lifestyles of Health and Sustainability (LOHAS) (Belz and Peattie, 2012). In parallel, many Chinese families have increased their consumption spending intended for their children, with the aim of promoting their children's healthy growth and development. The most obvious manifestation is that an increasing number of children have their own rooms and the children's products market (including children's furniture, clothing and toys) is constantly expanding (Su et al., 2012; Guo et al., 2014; Hong Kong Trade Development Council (HKTDC), 2014b).

To meet this growing demand, several companies have begun designing and producing children's furniture (Li, 2012). Thus, although the children's furniture industry emerged as late as the late 1990s in China, the market for children's furniture has developed very rapidly, accounting for 9% of the entire furniture market in China (Future Prospects of Children's Furniture, 2012). According to China Statistical Yearbook (2013), the number of under 14-year-old children reached 220 million, accounting for 16.5% of the country's total population (Hong Kong Trade Development Council (HKTDC), 2014a). The disproportion between the low market share and the high population rate presents a tremendous potential market for furniture producers to develop the children's furniture industry. Additionally, the recent relaxation of the one-child policy means that more children will be born, which will in turn increase the demand for children's furniture. Furthermore, a recent urban furniture market survey found that approximately 40% of China's households have private rooms for children and 46% of them intend to buy children's furniture (Wu, 2014). All these suggest that the Chinese children's furniture industry is expected to grow and prospects for the Chinese children's furniture market are promising. The children's furniture sector is thus regarded a potential "gold mine" and a key high-end segment by some industry experts (Future Prospects of Children's Furniture, 2012).

On the supply side, approximately 200 children's furniture manufacturing enterprises exist in China. Higher-priced solid wood and wood-based panel products are used more and more commonly in children's furniture production. However, well-known local brands are still absent from the children's furniture market. Prominent foreign brands account for 30% of China's children's furniture market, and the remaining 70% is occupied by furniture that either carries the name of local brands or is non-branded (Hong Kong Trade Development Council (HKTDC), 2014a). However, most Chinese domestic children's furniture is considered low-end, associated with low quality and designs based on simple imitation with lack of originality (Wu, 2014). Since being able to provide high product quality and additional value for customers is considered a key element for improving company competitiveness (e.g. Shetty, 1987; Sweeney and Soutar, 2001; Lindgreen and Fynstra, 2005), a commonly presented argument is that the Chinese children's furniture industry should place more focus on improving product quality to attract consumers (Su et al., 2012; Guo et al., 2014). According to Wan et al. (2015), Chinese consumers still have low brand awareness and their price expectations on solid wood children's furniture are below current market prices. Therefore, a major question for furniture companies is to understand consumer perceptions of product quality and its linkage with consumer price preferences.

Despite some studies on the overall Chinese furniture market and industry (Cao et al., 2004; Hunter and Li, 2007; Cai and Aguilar, 2013), a lack of research dominates the growing consumer market for children's furniture in China. Furthermore, consumer perceptions of the constituents of product quality in the case of children's furniture and the factors affecting consumer price preferences for children's furniture have currently not been studied in this emerging market context. According to Kolk et al. (2015), there is an overall lack of academic studies investigating what constitutes consumer perceptions of corporate sustainability in China and whether the operationalization of the concept