



Understanding the Furniture Purchase Decision

How do consumers make household furniture purchase decisions? This is a question over which many retailers speculate.

To better understand the process of consumer purchase decisions, Mississippi State University researcher Nicole Ponder Lueg surveyed 2,000 consumers. Lueg, an associate professor in the marketing, quantitative analysis and business law department of the College of Business, conducted the national survey.

Both qualitative research consisting of in-depth interviews with potential furniture buyers and quantitative research from the survey provided an insight into the consumer purchase decision process.

To develop the questionnaire, Mississippi State University consumer behavior students interviewed 12 consumers at different stages of their household life cycle. The participants included single, young married, full nest and empty nest consumers; representing several different occupations.

Themes identified in the interviews included the importance of price and affordability, quality of product and the ability to differentiate based on quality and durability, sentimental value, joint-decision making and use of the internet in furniture shopping. After interviewing the select group of consumers, an online survey consisting of 121 questions was made available to the public.

The survey, based on 2,012 adults participating in an online consumer research panel, found that furniture

purchases are driven more by actual state than desired state. This may surprise retailers. Most retailers think that today's consumer doesn't expect their furniture to last as long as they did in the past and that people want to replace their furniture more often. However, the survey found that most individuals purchase furniture because of a "need" rather than a "want." Consumers also expect their furniture to last for a long time. Eighty-seven percent of respondents agreed and 44 percent strongly agreed with the statement "I expect my furniture to last for many years."

Interestingly, only a third of respondents agreed with the statement "I like to replace some of my furniture every few years."

Another misconception within the industry is the idea that in married households, the wife almost always makes the decision to purchase new furniture. Survey results indicate that initiation of the decision to purchase is typically wife-dominant, but perhaps not as dominant as one would think. About 50 percent of the time, the wife initiates the decision and 25 percent of the time it is a joint decision. In married households, 76 percent consult with their spouse before making a purchase decision, 70 percent say their spouse takes an active role in shopping and 79 percent said that they consider the needs of the entire family when starting the furniture buying process.

Not only is the decision a shared one, the information gathering process is also usually done at home.

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director's corner

Furniture Highlights

Bill Martin, Director



It's hard to believe we are already at the end of the calendar year. For the past eleven months, I have had the pleasure of working with a great group of business leaders and entrepreneurs who have dedicated their lives to the furniture and home furnishings industry. I appreciate how the industry has embraced our efforts and has been open to new ideas and potential programs. As we continue to work and communicate together, there is no doubt in my mind that we can weather any storm, including the current economic conditions in our country and around the world. We survived the 20+ percent prime lending rate of the early 80's, the economic downturn of the mid 90's, and are seeing some positive signs of surviving the globalization decisions of the early 2000's. Because of the entrepreneurial spirit of our industry, we will survive this one too.

In our last newsletter, we talked about building our programs based on the needs of the industry. From your input, we have identified several areas that you, our customers, have said we should focus. We at the institute also identified some areas we believe would help build sustainability to our industry. Many areas were identified, but these were the reoccurring issues: improve workforce and human capital skills; conduct research in frames, motion mechanisms, foam, and packaging to reduce cost: increase Mississippi furniture exports; and expand furniture testing capabilities.

So, here is our progress so far on these initiatives:

1. **Workforce** – In 2009 we will deliver an industrial-based technology education to first line supervisors and management. This training program will allow companies' to enhance the technical and management skills of front line team leaders and management. The program will be on a per-company basis to those who are interested.
2. **Research** – The research initiatives discussed above have been discussed with MSU college deans and the vice president of research to identify interest. Collaboration with the University of Southern Mississippi's Polymer Institute to research alternative foam formulations yielded positive response based on research scope.
3. **Exports** – Through a Small Business Administration grant, we have established an Export Resource Center, in collaboration with the US Department of Commerce and the Mississippi Development Authority, to assist companies in increasing revenues through exports. A kickoff event was held on November 20 at the Franklin Center on the MSU campus. Response and attendance was encouraging.
4. **Furniture Testing** – We have increased the capacity of our testing lab and added new capabilities in fabric abrasion testing, seam slippage, tearing strength, new foam and cushion test, and bed frame testing. Recently, the Institute secured TB 117 flammability test equipment and anticipate it to be operational in early 2009.

Please continue to help us identify ways to support our manufacturing and retail industry sectors. Let us hear from you. By working together, we Can Make It Happen!

The Franklin Furniture Institute is an interdisciplinary unit within Mississippi State University that includes the College of Forest Resources; College of Business; Bagley College of Engineering; College of Architecture, Art and Design; and the Mississippi State Extension Service.

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Fifty-one percent of the respondents reported searching for information on the internet, 45 percent gathered information from catalogs and/or sales brochures, and 42 percent reported watching home decorating themed programs on television. These programs can be successfully used to create “need” in the minds of consumers, which often leads to purchase decisions.

Creating this need can be an important step in the purchase decision as 35 percent of respondents indicated that they enjoy shopping for furniture even though they did not have a specific need in mind.

As expected, the internet is a valuable source of information for consumers. Consumers search online for information about brands, styles, and price. One of the great things about the internet is that it allows consumers to immediately compare different brands and products. As might be expected, more young people utilize the internet for furniture shopping than older consumers. Sixty one percent of respondents under the age of 35 indicated that they searched for furniture-related information and comparisons online. In contrast, 73 percent of those aged 55 and older indicated that they did not search online.

While the internet is a popular method for gathering information, most consumers are reluctant to actually purchase online. Overall, 43 percent of respondents said they like to look at different brands online and 46 percent said they do research online before going to furniture stores. However, 78 percent indicated they want to touch and feel a piece of furniture before purchasing. Not surprising, 70 percent said they would never

buy upholstered furniture without sitting on it.

One thing that furniture retailers do not have to worry about is buyer’s remorse. Less than 18 percent of respondents reported experiencing buyer’s remorse about a furniture purchase. Surprisingly, income level had no effect on consumer’s feelings about their purchase. Buyer’s remorse, is more likely to occur for products that are considered important to the consumer because of the relative high cost and sentimental value to the consumer. While furniture is often a big ticket item and is extremely important to consumers because it is often a personal reflection of them and their home, most of our respondents did not indicate having this problem.

Additional survey responses include:

- 38 percent indicated that they did not feel knowledgeable about furniture,
- 25 percent indicated they intended to shop for furniture online over the next few years and
- 33 percent said they wished it was easier to purchase furniture online, indicating that they might consider it if the process was improved.

The study provides insights to customers—a retailer’s number one priority. Furniture retailers and marketers can use this study to understand the entire furniture purchase process and develop the best possible strategies for reaching and serving their target market.

A complete copy of the report may be ordered from the Franklin Furniture Institute 662.325.8453 or director@ffi.msstate.edu.

Buy Furniture on the Internet???

Right, and pick up a car or two while you’re there!

Nobody would ever buy furniture on the internet. The idea that you could sell furniture over the web makes as much sense as believing you could sell right mind actually buy a car from consumers are buying cars 2 million vehicles have alone. The internet has part of this change, it has its own web site. The has released a white for furniture manufacturers. questions such as: should you products? Should you allow customers Only you can answer these questions but we can provide guidance. Check out the Franklin Furniture Institute white papers at www.ffi.msstate.edu/highlights.asp.



cars online. After all, would anybody in their an internet dealer? Actually, many and trucks online. More than been sold on eBay motors changed everything. As seems that every firm has Franklin Furniture Institute paper on internet marketing This paper will answer use the internet to advertise your to make purchases via your web page?

Henco: The “Sam Walton” of Furniture Retailing

Amy Garrard, Outreach Coordinator

Did you know that furniture retailing has its very own “Sam Walton”? Tom Hendrix, founder and principal owner of Henco Furniture Retail Store in Selmer, TN—population 4500—has been compared to Mr. Walton by many, including some of his own employees. The principals that guided Sam Walton to become a retail giant are the same ones that drive Tom Hendrix—a service attitude towards the customer, employees and the public; intense focus on providing the customer with the best value in both quality and price; a strong work ethic, discipline and intense dedication; confidence in his abilities and willingness to take a risk; and a deep appreciation for employees.

Although not as well known as Walton, Hendrix is somewhat of a celebrity in western Tennessee and is certainly an inspiration to many. Calling Henco his retirement project, Hendrix started the company in warehouse space in the local industrial park, after he had retired at age 65. Today, Henco is a thriving furniture retail business with showrooms covering more than two acres and sales of over ten million annually. But what makes Henco so unique is that the retail areas are planned in such a way as to resemble a small town main street with shops, a movie theatre, a bank, post office and even a “Whistle Stop Cafe”. More than 30 store fronts line the 1950’s themed street complete with “oak” trees, including Dr. Doze’s Sleep Clinic (bedding), The Turning Inn Bed and Breakfast (bedroom), Hendrix House (stationary upholstery), Silver Spoons Fine Dining (dining room furniture), the Red Barn (breakfast room groupings), and Grady’s Gas Station—named after long time

employee Grady Barnes—whom Hendrix says he can’t do without. Smith Drug Store serves ice cream and employees circulate with homemade cookies all day long. Customers place orders, pay bills and arrange for financing at Henco Bank & Trust. And of course Selmer’s famous law man is honored by a life sized replica of himself at the Buford Pusser Walking Tall Theatre where theatre seating is showcased. Just as his main street is special, so too is Tom Hendrix.

Like Mr. Walton, Tom Hendrix was born into a rural farm family and worked himself through college. Walton had a newspaper route and worked as a lifeguard and waiter during his college years at the University of Missouri. After his freshman year, Hendrix took a job selling Bibles door-to-door. The work was hard and the hours long, but the job taught him the value of hard work and after that first summer, Hendrix hired 26 of his classmates to sell the Bibles and took a commission which pushed his salary “higher than the salary of many of my professors.” Tom Hendrix was an entrepreneur even if he didn’t realize it at the time. After studying agriculture in college, he decided that he did not want to work for anyone else, that he would be his own boss. Hendrix borrowed \$3,500 from a bank to start his first business which ended up with a \$10 million payroll. Ten years after graduating college, he had started two national businesses. After years of entrepreneurship, Hendrix sold his national sales force that sold products for school and civic fund-raisers and decided to retire. That didn’t last long. He and his wife of 48 years, Sherry, traveled around the country in their motor home but Hendrix soon became bored and decided to start another national business in a completely new area, furniture retail. He says that he didn’t know anything about retail or furniture but he decided to learn all he could. Picking out the top ten furniture retailers in the country, Hendrix visited them all, and got advice from salespeople, owners, managers and anyone else who would talk to him. Hendrix filled yellow note pads and came home to Selmer to start his furniture retail store.

By utilizing about 200,000 sq. feet of warehouse space that he already owned, Hendrix decided to jump in headfirst. In 1997, the first full year of operation, Henco had sales of about 1.2 million. Today, families come from 5 states to shop Henco and about 45% of their business is from Memphis, 90 miles away. A full line of furniture for every room in the house is available including dining room, bedroom, office, living room, and accent furniture. Accessories offered include lamps, framed prints, mirrors, candles, polished glass, area rugs, and custom bedcovering and drapery. Henco employs a full time interior designer to help customers coordinate and plan rooms, and has



Bill Martin (left), Franklin Furniture Institute director, meets with Tom Hendrix, founder and principal owner of Henco Furniture Home Center in Selmer, Tenn.

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recently hired a kitchen planner to assist customers in designing custom kitchens including cabinets, flooring, and countertops. Flooring and cabinets are the newest addition to the product mix and services available. Henco's sales, even in a tough year for furniture retail are around \$10 million.

While Henco is a fun, unique place to shop for furniture, it would not be successful without quality products at a good price. Henco sells over 100 different brands of quality furniture at discount prices. They do not run sales but offer low prices everyday (sound familiar?). Henco offers a "Best Price Guarantee" as well as a fuel rebate for purchases of \$500 or more. Prices can be kept low because Henco owns its buildings, operates a highly efficient staff and utilizes technology—customers can communicate through e-mail with salespeople and the designer to plan rooms, make selections and place special orders. Henco offers special orders at the same price as the furniture on the warehouse floor. They even have catalogs in each showroom which include the entire product selections and the prices of every piece available.

If the showroom, the selection, and the prices are not enough to draw customers to Henco, Mr. Hendrix and his staff certainly are. Whenever possible, Hendrix greets customers at the door and offers their famous homemade cookies. Everything imaginable is done to make the customers feel at home and comfortable during their entire shopping experience. This service culture is evident throughout the store and is exhibited by salespeople, financial assistants, service staff, and Hendrix family members who are a part of the business, including Tom's daughter Susan and son-in-law Patrick O'Connell. Staff describe Susan as "just like her Dad" with the same vision, compassion, and determination. Patrick also started at Henco with a couple of college degrees but no furniture experience. He is clearly focused on taking the company to the next level. And as for Tom Hendrix, he is described by staff as "charming, well-known, interesting, a great storyteller, inspirational, and a real character." Employees say they stay at Henco because the work is fun, challenging, fast paced, and gives them real satisfaction.

So how does the company ensure continued success? Hendrix believes it starts by hiring the best people—not necessarily the most skilled in a particular area, but the ones with the very best attitude and willingness to learn, and passion for serving others. Hendrix interviews people before a particular job is even vacant and calls them back for another interview when a job is open. The top Henco salesperson for last year started to work in maintenance at Henco just to get her foot in the door. Sherry King had 20 years experience at



Bill Martin with Sherry King, one of Henco's top salespeople.

Wal-Mart before taking a maintenance job at Henco because she knew that she could prove her value to Hendrix. And she did! It wasn't long before she had moved up through the ranks and is now one of Henco's top salespeople. Hendrix is famous for giving his employees a chance to grow to their full potential. His department heads are called "Servant Leaders" and are dedicated to the growth of individuals and committed to the success of the people they hire. Hendrix believes "success comes from hiring the best people you can possibly find and don't hire anyone who you don't think will serve your company." When he recently delivered the commencement address to graduating seniors at the University of Tennessee, Hendrix urged them to "live a service life, serve people, and to practice generosity with wisdom." Hendrix believes that "what we believe determines what we do and what we do determines what happens to us." He is full of confidence and says that too many of us are afraid to do what we know we can. We determine our own destiny so we need to get on with it.

It is evident that the success of Henco is due to a service attitude towards the customer, employees and the public. He is intensely focused on providing customers with the best value in both quality and price. This philosophy has served Tom Hendrix well through many different endeavors and will continue to do so. Although Tom is thinking about retirement again, his daughter and son-in-law are fully prepared to continue and grow the business (and Tom may still have a few tricks up his sleeve). For more information on Henco, visit their web site at www.Hencofurniture.com.

staff profile

Jason Leng

Information technology, data management, networking, routing, barcoding, process flow, inventory management, storage management, AutoID, and RFID—these are just a few of the areas in which Jason Leng assists furniture companies. A senior research associate in the department of forest products at Mississippi State University, Leng has over 20 years experience developing customized software applications to assist forest products industries in plant management, production scheduling and operation controls. Leng's projects include implementing a warehouse and fabric inventory control system using bar-coding technology, writing custom data acquisition databases for collection of real time data for analysis, and setting up and operating a LAN System for a research group. Leng has also developed software for the furniture industry, including a Furniture Production Management Model, a furniture dimension parts management and warehouse program, and a linear programming model for optimization of furniture production.

Originally from Malaysia, by way of Canada, Jason is now a true southerner. Starkville has been his home since

1983 when he arrived at Mississippi State University to begin work on his undergraduate degree in computer science. After receiving his B.S., Jason decided to remain at MSU and completed his Masters in Computer Science, with a minor in Industrial Engineering. In 1989, Jason began working for Dan Seale, forest products professor, as a research assistant. He has continued to work with Seale and has been a major part of several ground breaking programs including the installation of linear programming models for sawmills throughout the southeast; the development of TimTek, a revolutionary engineered lumber made from pine thinnings; and the growth and expansion of the Wood Magic Science Fair, an educational program for elementary students in Mississippi. If you need assistance with database design and management, inventory systems, managing computer process systems, or if you would like an IT assessment, contact Jason at 663.325.2124, or e-mail him at jleng@cfr.msstate.edu.



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