

Research on Consumer Purchasing Behavior for LG Refrigerators in Bac Tu Liem District, Hanoi

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ABSTRACT

The objective of this study is to identify the factors influencing consumers' intention to purchase LG refrigerators in Bac Tu Liem district, Hanoi. Data was collected from 200 survey samples of individual customers living and working in the Bac Tu Liem district, Hanoi. The proposed research model includes five hypotheses related to consumers' purchasing intentions for LG refrigerators. The results indicate that the factors influencing these intentions included: Brand (0.319), Price (0.283), Product Features (0.182), respectively. Based on the findings, the author proposed several solutions to enhance the efficiency of LG refrigerator product consumption of people who are living in Bac Tu Liem district, Hanoi.

Keywords: Factors, Influence, Decision, LG Refrigerator, Ha Noi

INTRODUCTION

In the current market economy, marketing and sales activities are more challenging than ever. The growing diversity of products and rising quality demands, combined with intense competition, have made customer attraction increasingly difficult. Businesses must contend with competitive pressures and the threat of losing market share if they lack a flexible and suitable business strategy. High-quality products and reasonable prices alone are no longer sufficient to draw in customers (Thao, 2016). Modern customers are increasingly discerning and require clear information about a business, including reasons to choose it over competitors. To persuade customers, businesses must identify the factors influencing their purchasing decisions and craft suitable sales strategies (Giao and Tien, 2024). By gaining deeper insights into customer needs and preferences, businesses can foster stronger relationships and drive higher sales. This highlights the critical role of customer-centricity in shaping a flexible and effective business strategy.

Vietnam is undergoing a phase of rapid growth, leading to a substantial rise in demand for basic construction. This presents a favorable opportunity for companies in the electrical equipment sector to expand. However, this growth has also intensified competition within the industry. In such a competitive environment, the success of businesses hinges on their ability to understand and fulfill customer needs. Only those that recognize this can achieve customer satisfaction and foster collaboration, paving the way for success and a competitive edge in the market.

In recent years, LG refrigerators have gained increasing recognition from consumers and are regarded as a preferred choice for many customers. However, like other electronic products, LG refrigerators face intense competition from rival brands. In the quest for a competitive edge among businesses, customers hold a crucial role in determining success. It is undeniable that customers are vital to the survival of any company, as retaining them is a key factor in ensuring the profitability of a supplier's operations (Zeithaml et al., 1996).

Attracting new customers is just as crucial as retaining existing ones. Therefore, the author carried out a study titled "Research on Consumer Purchasing Behavior for LG Refrigerators in Bac Tu Liem District, Hanoi". Based on the findings, policy recommendations are proposed to improve and boost the consumption of LG refrigerators.

METHODOLOGY

Method

The author began by designing a questionnaire to gather data. Following this, the reliability of the scale was evaluated using Cronbach's alpha, allowing for the removal of variables that failed to meet the necessary criteria. Subsequently, an Exploratory Factor Analysis (EFA) was performed to confirm the convergent validity of the data.

The author used a 5-point Likert scale ranging from "strongly disagree" to "strongly agree" to construct the survey form. Additionally, to ensure consistency between the questionnaire for customer, the scale was translated and checked from English to Vietnamese and vice versa by language experts.

Given the time constraints and limited human resources, the research team opted for a convenient sampling method with stratification. The survey questionnaire was distributed to customers who purchased LG refrigerators in Bac Tu Liem District, Hanoi City, using both direct and online methods (Google Forms). Data collection continued until the required number of responses was obtained to support the research process, lasting from June 4, 2024, to October 1, 2024. A total of 223 samples were collected, of which 200 valid responses were used for analysis. Based on Hair et al. (2010), the study required a minimum sample size of 125, calculated using the formula $j*5$ (where j represents the number of observed variables), ensuring the adequacy of the sample size.

Research model

Reference group

According to the Theory of Reasoned Action (TRA) developed by Fishbein and Ajzen (1975), subjective norms are determined by two primary factors: the degree to which the attitude of a related individual influences the consumer's decision to purchase a product or brand, and the consumer's willingness to align with the preferences of that individual.

Reference groups are described as groups that affect the development of customers' attitudes, perceptions, and behaviors regarding a product, brand, or business. These groups can influence consumer behavior either directly or indirectly (Dao Thi Ngoc Thao, 2016).

The hypothesis is as follows:

H1: There is a positive relationship between reference groups and consumer buying behavior

Brand

Consumers tend to favor familiar brands as they provide a sense of security and comfort during the shopping experience. Generally, well-known brands are perceived as more reliable and of higher quality. Each brand typically conveys an overarching impression to customers about product quality. This perception significantly influences purchase decisions and customer loyalty, particularly in cases where buyers lack the time or resources to thoroughly evaluate product features before making a purchase (Ha Nam Khanh Giao and Dao Thuy Tien, 2024).

The hypothesis is as follows:

H2: There is a positive relationship between brand awareness and consumer purchasing behavior

Price

Product price refers to the monetary amount a customer must pay to the seller to obtain the right to use a specific product" (Mital et al, 2008). Nguyen Thu Ha and Gizaw (2014) demonstrated, in their study of

private label purchases, that price plays a crucial role in shaping consumers' purchasing decisions. Faith and Agwu (2014) further emphasized that price is a key determinant, particularly for frequently purchased products, influencing consumers' choices of stores, products, and brands. Consequently, the study suggests that appropriately pricing refrigerator products while ensuring higher economic value can enhance consumers' acceptance intentions.

The hypothesis is as follows:

H3: There is a positive relationship between price and consumer purchasing behavior

Product Features:

Elias Thabiso Mashao and Nita Sukdeo (2018) state that product features are among the most influential factors affecting consumer purchasing behavior for durable household goods. Similarly, the research model by Ha Thanh Viet and Vu Thi Nu (2015) demonstrates a strong and close connection between product features and customers' mobile phone purchasing behavior. Thus, the study proposes that refrigerators equipped with numerous innovative and advanced features are more likely to capture customer interest.

The hypothesis is as follows:

H4: There is a positive relationship between product features and consumer purchasing behavior

Promotion

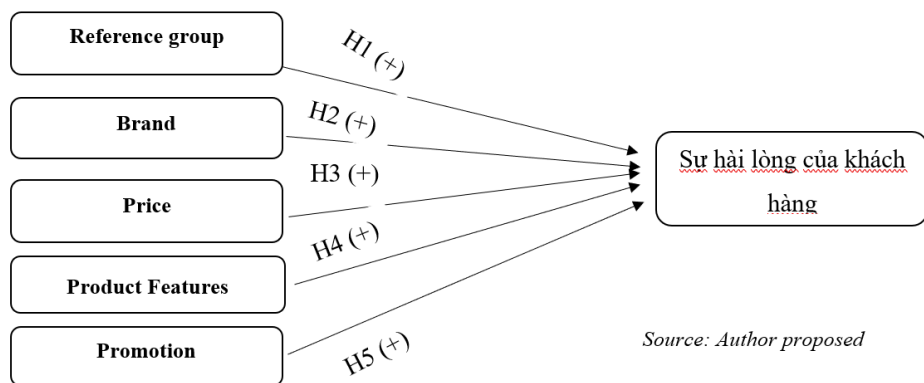
Kotler and Lee (2005) identify promotion as one of the four components of the marketing mix that impacts consumer decisions. It encompasses a range of methods and strategies, including advertising, promotions, sales teams, communication activities, and product marketing, aimed at providing information to make customers aware of the product while encouraging them to choose the company's products and services.

The hypothesis is as follows:

H5: There is a positive relationship between promotion and consumer purchasing behavior

From the above hypotheses, the author proposes a model to study the purchasing behavior of LG refrigerators of consumers in Bac Tu Liem district, Hanoi.

Fig 1: Research model



Source: Author proposed

RESULT

The test results indicate that all total correlation coefficients are greater than 0.3. Additionally, the Cronbach's Alpha values for the scales exceed 0.6, confirming their reliability. Therefore, all observed variables will be included in the subsequent EFA analysis.

EFA analysis

The results of the EFA analysis for the independent variables indicate that the KMO index is 0.854 (> 0.5), demonstrating that the observed variables are necessary for forming a factor and that the model is highly suitable. All observed variables are correlated with each other as a whole, making EFA analysis appropriate for the research data (Sig. = 0.000 < 0.05).

The Bartlett's test result is 6978.371, with a significance level of Sig. = 0.000 (< 0.05), confirming that the variables are correlated and meet the conditions for EFA analysis.

According to the data processing results, after the EFA analysis, the authors obtained Eigenvalues greater than 1. The total variance extracted was 81.438% ($> 50\%$), indicating that 81.438% of the variation in the factors was explained by the observed variables.

The results of the EFA analysis for the dependent variable showed a KMO index of 0.810 (> 0.5), confirming that the observed variables are necessary to form a factor and that the model's suitability is high. Additionally, all observed variables are correlated with one another, making factor analysis appropriate for the research data (Sig. = 0.000 < 0.05). This satisfies the conditions for EFA analysis, demonstrating that the data used is fully suitable. The Bartlett's test result was 1392.831 with a significance level of Sig. = 0.000 (< 0.05), further confirming that the variables are correlated and meet the requirements for EFA analysis.

Correlation Analysis:

The results of the correlation analysis indicate that the relationships between the independent variables and the dependent variable are statistically significant, with Sig. coefficients all less than 5%. The independent variables are positively correlated with the dependent variable, as evidenced by Pearson coefficients all greater than 0. Therefore, it can be concluded that the independent variables can explain the dependent variable.

Regression analysis

According to the regression analysis results in Table 1, the R^2 value = 0.568, showing that the independent variables and the dependent variable are related to each other. The adjusted R^2 value = 0.535, so the independent variables explain 53.5% of the variation in the dependent variable, the rest is explained by variables outside the model and random errors.

Table 1. Regression result

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	Beta	Std. Error	Beta			Tolerance	VIF
(Constant)	1,251	0,324	1,381	2,832	0,320		
1 RG	0,139	0,054	0,121	1,803	0,120 ^{NS}	0,421	2,001
BR	0,357	0,022	0,319	2,092	0,001 [*]	0,832	1,021
PR	0,289	0,018	0,283	0,220	0,014 ^{**}	0,842	2,129
PF	0,192	0,006	0,182	0,219	0,008 [*]	0,412	2,231
PO	0,251	0,061	0,220	3,213	0,320 ^{NS}	0,928	1,921
$R^2 = 0,568$				F= 167, 932			
R^2 adjust = 0,535				Sig. = 0,000			
Notes: [*] = Significance 99%; ^{**} = Significance 95% ; NS= Non Significance							

Source: Calculated by author

From the above result, we can conclude that the regression analysis results are reliable. The final standardized regression model is established with 3 independent factors as follows:

$$\text{Decision} = 0.319 \cdot \text{BR} + 0.283 \cdot \text{PR} + 0.182 \cdot \text{PF} + \varepsilon$$

The results show that there are 3 independent factors that affect consumer purchasing behavior for LG refrigerators in Bac Tu Liem district, Hanoi. In which, the factors all have the same influence on the dependent variable in decreasing order as follows: Brand (BR), Price (PR), Product Features (PF) with unstandardized regression coefficients of 0.319, 0.283 and 0.182 respectively.

CONCLUSION AND RECOMMENDATIONS

The research results indicate that the brand factor has the greatest influence on consumer purchasing behavior for LG refrigerator products in Bac Tu Liem district, Hanoi, with a coefficient of 0.319. This finding aligns with the research results of Elias Thabiso Mashao and Nita Sukdeo (2018), as well as Oghenyerhovwo Rita Inoni and Chiyem Okorie (2022). The study by Elias Thabiso Mashao and Nita Sukdeo (2018) found that the brand has a relatively significant impact on consumer buying behavior towards durable household products. Similarly, the research by Oghenyerhovwo Rita Inoni and Chiyem Okorie (2022) revealed that the brand is one of the top factors consumers consider when purchasing washing machines in Delta State, Nigeria. Therefore, to further encourage customers to choose LG refrigerators, stores should enhance their promotion of the product to consumers

Price is the second most influential factor affecting purchasing behavior for LG refrigerators, with a coefficient of 0.283. This finding aligns with the research results of Elias Thabiso Mashao and Nita Sukdeo (2018) and Ha Thanh Viet and Vu Thi Nu (2015). Mashao and Sukdeo's study (2018) indicates that price has the greatest impact on consumer purchasing behavior for durable household products. Similarly, the research by Ha Thanh Viet and Vu Thi Nu (2015) shows that price is the second most influential factor consumers consider when buying phones in Ho Chi Minh City. Therefore, stores should actively organize promotions and offer discounts to attract customers.

The feature factor has the weakest impact on consumer purchasing behavior for LG refrigerators, with a coefficient of 0.182. This finding aligns with the research by Ha Thanh Viet and Vu Thi Nu (2015), which also concluded that features are a key factor influencing consumers when considering the purchase of phones in Ho Chi Minh City. Therefore, manufacturers, in addition to improving product quality and reducing prices, should focus on enhancing and upgrading product features to attract more consumers.

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