

# ANALYSIS OF FACTORS AFFECTING CONSUMER'S PURCHASE DECISION IN PERFUME BUSINESS IN CHIANG MAI PROVINCE

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## **Abstract**

**Purpose:** To understand the factors influencing consumer purchase decisions for perfumes.

**Design/ methodology/ approach:** a questionnaire to study perfume purchase decisions using Structural Equation Modeling (SEM)

**Findings:** To analyze the factors that affect consumers' purchasing decisions in the perfume business in Chiang Mai.

**Originality/value:** To analyze the factors that affect consumers' purchasing decisions in the perfume business in Chiang Mai.

**Keywords:** Purchase Decision, Information Quality, Service Quality, Trust, Luxury, Perfume

## **Introduction**

(Perspectives on retail and consumer goods, Number 8, 2020) mention that currently, people spent more time at home and turned to online shopping. Many store retailers have been compelled to shut down or reduce physical stores due to the rise of online shopping. The shift from offline stores to online stores and e-commerce has been driven by technology. Nevertheless, some retailers have been able to adapt to the digital age by integrating online and offline channels, offering services such as click-and-collect and in-store pickup to cater to changing consumer preferences. Furthermore, as mentioned by Pauly (2021) The global health crisis has caused an increase in stress and anxiety levels among people worldwide. To counteract the overwhelming effects of isolation and negative news, people try to find things that make them relaxed and comfortable at home. Recent studies have shown that 85 percent of fragrance users have incorporated scented items such as candles, home fragrances into their living spaces over the past year. Fragrances have proven to be effective in promoting a sense of calm and tranquility, transforming living environments, and providing comfort during the pandemic.

Perfume plays an important role in our daily routines and has the potential to shape our style and identity. Businesses need to understand what motivates consumers to make a purchase. Therefore, this study aims to identify factors in consumers' purchase decisions for perfume in Chiang Mai province. The researcher does believe that perfume businesses can develop effective marketing strategies and improve their products to meet consumers' preferences and needs by finding the factors of purchase decisions. According to a report by Fragrances in Thailand (2021), the perfume market in Thailand has been growing steadily in recent years, driven by increasing consumer demand for luxury and premium fragrances. The value sales of fragrances in Thailand reached 10.6 billion baht (approximately united states dollar 335 million) in 2020, with a compound annual growth rate of 4 percent from 2015 to 2020.

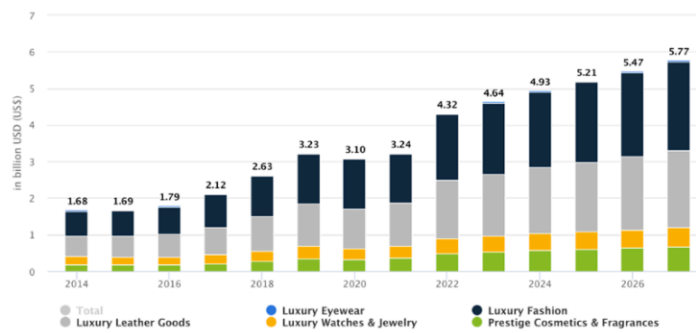


Figure 1: Sales statistics on the luxury goods industry in Thailand  
 Source: Adapted from Statista (2022)

From Figure 1, Statista (2022) presented the luxury goods industry is expected to generate revenue of united states dollar 460 billion by 2023, with a compound annual growth rate of 5.6 percent (2023-2028). The segment with the highest market volume is Luxury Fashion, predicted to reach United States dollar 194 billion in 2023. The United States is the top revenue-generating country in this industry, with an estimated revenue of United States dollar 75.69 billion in 2023. On average, each person is assumed to generate united states dollar 221.83 in revenue in 2023. Additionally, online sales are expected to reach 12 percent of the total revenue in the luxury goods market by 2023.

Therefore, this study aims to analyze the factors that affect consumers' purchasing decisions in the perfume business in Chiang Mai. Chiang Mai, a well-known tourist spot in Thailand, boasts a flourishing perfume market that appeals to both natives and tourists. This market provides an extensive range of scents, comprising conventional Thai fragrances as well as globally recognized brands.

**Purchase Decision**

A purchase decision is the process by which a consumer decides whether to buy a product or service based on previous actions.

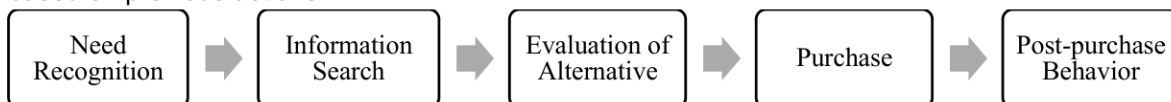


Figure 2: Consumer Purchase Decision Process  
 Source : Adapted from Kotler and Armstrong (1972)

The stage model presented by Kotler and Armstrong (1972) in Figure 2 outlines the five typical stages consumers undergo when making a purchase: recognizing the problem, searching for information, evaluating alternatives, deciding to purchase, and post-purchase behavior. The buying process begins well before the actual purchase and can have enduring effects. Some consumers may make decisions based on unsolicited information, highlighting the necessity for marketers to develop strategies that address all stages of the decision-making process. Kotler (2000) indicated that the purchasing process commences when a buyer becomes aware of a problem or need, triggered by internal or external factors. Marketers must identify these triggers by collecting information from numerous consumers, particularly for non-essential purchases like luxury goods, where they need to stimulate consumer interest and motivation. Consumers engage in various levels of search behavior, from heightened attention to active information seeking. Marketers must understand the types of information consumers seek at different times and places, including personal, commercial, public, and experiential sources. During the evaluation stage, consumers assess each attribute based on its perceived importance in delivering desired benefits. They then evaluate each brand on these attributes, forming an overall attitude toward the brand. This evaluation process is intricate

## Previous Research

Salem (2018) explored on perfume purchases, emphasizing that the decision-making process guides a consumer from identifying a need to choosing a specific product and brand. This process encompasses several choices before the actual purchase, such as determining where to buy, which brand and model to select, when to make the purchase, how much to spend, and which payment method to use. Packaging plays an important role in influencing these decisions. Factors impacting consumer choices include external influences (such as culture, social class, and family), internal influences (including perception, attitude, and personality), and marketing factors (like product attributes, packaging, and promotions). Marketers analyze consumer buying patterns to understand the where, what, and why of consumer purchases. However, pinpointing the exact reasons behind a purchase remains complex.

## The Conceptual Framework of Hypothesis

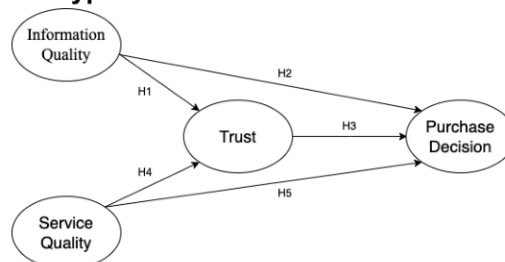


Figure 3 : The Conceptual Framework of Hypothesis

### **H1: Information quality has a positive impact on trust.**

Chen et al. (2011) highlights the importance of trust in strategic alliances, defining it as the willingness to rely on a partner without fear of opportunistic behavior. Trust reduces risks and promotes information sharing and is strongly linked to the quality of information provided. High-quality information that is accurate, timely, reliable, and easy to use builds trust, while poor information increases costs and uncertainty.

### **H2: Information quality has a positive impact on purchase decision.**

Information quality refers to the degree to which information meets the needs of its users in terms of accuracy, timeliness, relevance, completeness, precision, and reliability. It is a critical factor in decision-making and system success, particularly within information systems, where high-quality information enhances user satisfaction and facilitates system utilization (DeLone and McLean, 1992). In online commerce, information quality plays a pivotal role in shaping consumer behavior. Accurate, relevant, and personalized information helps reduce uncertainty and enables customers to make informed purchasing decisions, leading to higher satisfaction and increased trust in the system (Saefurahman and Hadi, 2020). In the context of e-commerce, information quality includes aspects such as detailed product descriptions, accurate labeling, and timely updates, which are essential for enhancing consumer trust and purchase confidence (Kim et al., 2013; Mbeté and Tanamal, 2020). Ultimately, high-quality information serves as a marketing tool, driving better decision-making and contributing to system success and business profitability (Hung and Cant, 2017; Rachmawati et al., 2020). Suryani and Syafarudin (2021) ; Akbar, Sularso and Indraningrat (2020). These studies show that high-quality, accurate, and relevant information significantly influences consumers' purchasing decisions, enabling them to make better choices. Alshikhi and Abdullah (2018) They examine the relationship between information quality and decision-making, highlighting that the effectiveness of decision-making depends on the quality of data presented. High-quality information is essential for organizational success, as it guides better decision-making and actions.

### **H3: Trust has a positive impact on purchase decision.**

Trust is defined as confidence in the reliability, integrity, and competence of a partner or system, playing a key role in building and maintaining relationships despite risks and uncertainties (Wilson, 1995). It is particularly important in marketing, where it influences consumer behavior,

enhances satisfaction, and promotes long-term commitment (Mbeté and Tanamal, 2020; Rachmawati et al., 2020). In the digital and e-commerce context, trust is important due to the lack of direct interaction, with factors such as secure payment systems and credible seller information impacting trust and online purchasing behavior (Mukherjee and Nath, 2007). High trust leads to positive behaviors, reduced transaction costs, and better information sharing, while low trust increases hesitancy and the need for additional safeguards (Chen et al., 2011).

Research by Fadhilah and Affiatusholihah (2021) demonstrates that higher consumer trust significantly enhances purchase decisions, particularly in online marketplaces, where trust in seller benevolence is critical for both initial and repeat purchases. Similarly, Mahliza (2020) highlights that trust in a seller's reliability, competence, and integrity motivates consumers to engage in online shopping, with higher levels of trust resulting in more consistent purchasing behaviors, repeat transactions, and overall satisfaction.

#### **H4: Service quality has a positive impact on trust.**

Rasheed and Abadi (2014) found a strong correlation between service quality and trust, demonstrating that 40.9% of the variance in trust is explained by service quality. Their study indicates that higher service quality enhances customer trust and perceived value, which in turn strengthens customer loyalty. This is especially important in sectors like the Malaysian service industry, where customer loyalty directly impacts revenue. Wijaya (2020) supports these findings, showing that improvements in service quality boost customer satisfaction and trust. Rivaldo and Amang (2022) noted that service quality plays an important role in consumer trust, highlighting that product excellence and high service quality are essential for influencing purchasing decisions.

#### **H5: Service quality has a positive impact purchase decision.**

Service quality is a critical factor that shapes consumer perceptions and purchasing decisions, with research across various sectors consistently highlighting its significance. Parasuraman et al., (1988) laid the foundation for understanding service quality by identifying five key dimensions: reliability, responsiveness, assurance, empathy, and tangibles. These dimensions form the basis of the widely used SERVQUAL model, which assesses service quality across industries. In the context of e-services, additional factors such as website design, ease of use, and security become crucial for delivering high-quality service (Zeithaml et al., 2002). Grönroos (1984) emphasized that both technical and functional aspects of service quality influence consumer perceptions, with both the outcome of the service and how it is delivered playing a role in shaping customer satisfaction.

Poor service quality, on the other hand, acts as a deterrent, diminishing consumer interest and lowering purchase rates (Hoque et al., 2023). Research by Prianggoro and Sitio (2020) supports these findings, showing that services exceeding consumer expectations are perceived as high-quality, leading to higher purchase rates, while services that fall short of expectations are deemed poor. Anggita and Ali (2017) further confirmed a strong relationship between service quality and purchasing decisions, noting that responsiveness to customer complaints, personalized attention, and understanding of customer needs play a vital role in positively influencing consumer behavior.

Pranoto et al., (2022) highlighted that improvements in service quality directly enhance consumer confidence, leading to more frequent purchase decisions. The findings across these studies consistently show that service quality, particularly when it exceeds consumer expectations, driving higher purchase rates, and ultimately shaping consumer behavior across different industries.

### **Methodology**

This study will primarily focus on understanding the significance of luxury products, especially perfumes, and identifying the reasons why consumers choose to buy them. By analyzing consumer attitudes toward trust, service quality, and information quality, the research aims to provide insights into the driving factors behind perfume purchases. This will help brands and marketers in Chiang Mai better understand their target audience and tailor their strategies accordingly.

The primary goal of this study is to analyze the factors that significantly influence the purchasing decisions of perfume consumers in Chiang Mai. Specifically, this research aims to test a hypothesis using a Structural Equation Model (SEM), focusing on three key factors: trust, service quality, and information quality. These factors play an important role in shaping consumer purchasing behavior. The Structural Equation Model (SEM) approach will provide a framework to confirm the relationships between these variables and their impact on purchasing decisions. This study uses random sampling method to ensure that the sample accurately represents the broader population of Chiang Mai, with a focus on diversity in age groups, genders, and income levels. The target population includes individuals who have purchased perfume within the last year and reside in Chiang

Mai. Those who have not purchased perfume recently or who do not live in Chiang Mai will be excluded from the study.

### **Sample**

A total sample size of 200 respondents will be selected to ensure both the reliability and validity of the results. This sample size is recommended by Kline (2011) for studies using Structural Equation Model (SEM), enabling the detection of significant relationships between the variables.

### **Data Collection**

Data will be collected through a structured questionnaire, distributed via Google Forms on social media platforms like Facebook to specifically target perfume consumers in Chiang Mai. The questionnaire will consist of multiple sections, designed to gather comprehensive information about:

1. Demographic Information: General data about the respondents, such as age, gender, and income level.

2. Purchasing Behaviors: Specific details regarding the frequency and types of perfumes purchased.

3. Factors affecting Purchase Decisions: This section will focus on measuring the affecting of trust, service quality, and information quality on purchase decisions.

To minimize response bias, a four-point Likert scale for the questions related to trust, service quality, and information quality. Respondents will rate their agreement with various statements, ranging from 1 = strongly disagree to 4 = strongly agree. This scale is selected based on the work of Mbete and Tanamal (2020)

### **Data Analysis**

Once the data is collected, it will be analyzed using SPSS (AMOS). The analysis will follow steps:

1. Demographic Description: The respondent demographics will be described using descriptive statistics to provide an overview of the sample characteristics.

2. Structural Equation Modeling as Confirmatory Factor Analysis: Close-ended questions will be analyzed to assess the relationships between the independent variables (trust, service quality, and information quality) and the dependent variable (purchase decision). The results will be used to validate or reject the hypothesis through.

### **Reliability and Validity**

The questionnaire's reliability will be evaluated using Cronbach's Alpha coefficient to ensure consistency and stability over time. The reliability (Cronbach's Alpha coefficient) has value of 0 to 1. If Reliability coefficients that are equal to or above 0.80, are considered high reliability. Reliability coefficients which are between 0.60 to 0.79, are considered moderate reliability. And reliability coefficients that are below 0.60, will be considered low or poor reliability. According to Fornell and Larcker (1981) Composite Reliability (CR) will also be used to assess reliability and validity. The values of composite reliability between 0.6 to 0.7 are acceptable.

### **Results**

The results of this study are expected to provide insight into how information quality, trust, and service quality influence consumer purchasing decisions in the perfume business in Chiang Mai.

Information Quality: based on the literature framework, information quality is hypothesized to positively impact both trust and purchase decisions (H1, H2). This factor encompasses the accuracy, timeliness, and relevance of information provided by perfume brands and retailers. It is anticipated that higher-quality information will increase consumer trust and positively influence purchase decisions. Preliminary responses from similar studies suggest that consumers prioritize detailed product descriptions, especially for perfumes, where fragrance profiles are important to the buying process.

Trust: trust is expected to be a significant factor influencing purchase decisions (H3). Literature shows that trust reduces the perceived risks associated with purchases, particularly in luxury goods like perfumes. Trust in both the brand and retailer is hypothesized to increase the likelihood of purchase. According to previous studies, consumers who trust a brand are more likely to engage in repeat purchases, particularly when they perceive the brand as reliable and honest.

Service Quality: the service quality provided by retailers is expected to have a positive impact on both trust (H4) and purchase decisions (H5). High service quality, characterized by

responsiveness, personalized service, and after-sales support, is likely to foster greater trust in the retailer and lead to higher customer satisfaction, thereby increasing the likelihood of a purchase.

## Discussion

**Information Quality:** the findings, if consistent with the hypotheses, would demonstrate that information quality significantly influences both trust and purchase decisions. The studies by Akbar et al., (2020) and Rachmawati and Hidayatullah (2020) found that high-quality information helps reduce uncertainty and improves consumer decision-making. For the perfume industry, accurate descriptions of fragrances, ingredients, and usage recommendations would be ensuring consumers feel confident about their choices.

**Trust:** trust is predicted to emerge as one of the strongest factors influencing consumer purchase decisions. As indicated by Fadhilah et al., (2021), higher trust levels lead to more consistent buying behaviors. This is particularly relevant for perfume businesses, as consumers are often more hesitant to buy luxury products without prior experience or strong brand reputation.

**Service Quality:** high service quality is expected to not only improve customer satisfaction but also foster trust in the brand, ultimately driving purchase decisions. As supported by Hasibuan et al., (2022) and Pranoto et al., (2022), personalized customer service, quick responses, and after-sales care significantly contribute to consumer satisfaction and positive purchase behavior.

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