UNIVERSITI TEKNOLOGI MARA

THE EFFECTS OF BRAND STRATEGY AND DESIGN INNOVATION ON THE BRAND PERFORMANCE OF THE MALAYSIAN FURNITURE FIRMS

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AUTHOR'S DECLARATION

I declare that the work of this thesis was carried out in accordance with the regulations of Universiti Teknologi MARA. It is original and is the result of my own work, unless otherwise indicated or acknowledged as referenced work. This topic has not been submitted to any other academic institution or non-academic institution for any other degree or qualification.

I, hereby, acknowledge that I have been supplied with the Academic Rules and Regulations for Post Graduate, Universiti Teknologi MARA, regulating the conduct of my study and research.

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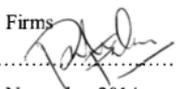
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ABSTRACT

Brand strategy and design innovation is frequently discussed as key sources of competitive advantage and subsequent brand performance, particularly in the context of SMEs and large sized firms. One of the sectors that are affected by the growth of branding and design innovation is the furniture manufacturing sector. However, there is a concern of whether the manufacturers are fully equipped with branding strategy and design innovation. This ambiguity comes largely from determinants of brand performance in the SME context that have received only limited research attention. This research addresses this issue. Therefore, the main objective of this study is to examine the effects of brand strategy and design innovation on the brand performance of the Malaysian furniture firms. More specifically, this research empirically examines (1) The influence of brand barriers on brand orientation (2) The influence of brand orientation towards brand distinctiveness (3) The relationship between brand orientation and brand performance (4) The relationship between brand distinctiveness and brand performance (5) The influence of brand distinctiveness on design innovation (6) The relationship between design innovation and its dimensions (7) The effect of design innovation on brand performance (8) brand distinctiveness as a mediator between brand orientation and brand performance (9) design innovation as a mediator between brand distinctiveness and brand performance, along with twelve hypotheses. Primary data were collected for a sample size of 269 firms in Malaysia for empirical verification using AMOS Structural Equation Modelling. The data collection was conducted over a two-month period from CEOs and marketing managers in the furniture manufacturing companies. The survey response rate resulted to 37.5 percent. The analysis of the structural model reveals all twelve hypotheses are significant including seven positive paths, three negative paths and two mediators. Overall there are four direct paths towards brand performance which are brand barriers, design innovation, brand orientation and brand distinctiveness. Two additional paths are found significant in the SEM model along with two mediators. Academically, these empirical sights fill the gaps of literature on the relationships between these factors affecting the brand performance of the furniture industry. It also provides insights into what are the key design innovations that contribute to the brand performance of the furniture firms. This will further enable firms to self-check their branding strategy and design innovation to enhance their performance in the market. Thus, policy makers in the furniture industry should give more priority in redesigning their brand strategy and design innovation to further improve and sustain their brand performance in the furniture sector.

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CHAPTER ONE

INTRODUCTION

1.1 INTRODUCTION

This chapter discusses the background of study, which presents the overview of the furniture industry and the global furniture industry. This provides an introductory of the furniture industry from a world's view. The scope is narrowed down to the furniture industry in the Malaysian context in terms of small, medium-sized firms (SMEs) and large-sized furniture firms. The furniture branding and innovation in Asian countries and in Malaysia are also covered in the following section.

This is followed by the research problem which consists of gaps of literature and the underpinning theory. It further proceeds to the research objectives, research questions, scope of research and potential significance of the study. Not only that, this chapter also includes the definitions of terms of this research.

1.2 BACKGROUND

1.2.1 Overview of the Furniture Industry

The Malaysian furniture industry is known as one of the largest contributors of the country's economic growth albeit being classified as a low-tech industry (Unit, 2011). Robiyah (2012) and Kam & Heng (2010) revealed that Malaysia has become a star performer of the timber industry and witnessed accelerated growth as it ranks the eighth in Malaysia's furniture export (Brandt & Wei, 2012). The export economy of wood products accelerated since the mid-1980s as the export value grew rapidly from RM1 billion in 1993 to RM8 billion in 2011 (Gomes, 2013; Mamat & Ismail, 2011). In relation to that, the exports of both timber and timber products amounted to RM20.3 billion in 2012, and estimated to reach RM23.7 billion by the end of 2013 (Nee, 2013).