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Research Article

A STUDY OF ATTRIBUTES ATTRACTING THE RESIDENTIAL PROPERTY BUYER FOR PURCHASING DECISION

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ABSTRACT

According to the report published by Economic Times Reality dated Jan 2016, in year 2015 56% unsold inventory in Pune. Average pricing measure across 3,312 projects with average increase of Rs. 35 per square feet. So all the above statistics said that market is saturated, demand & supply equation is preferable for buyers. Products are not able to sale themselves alone, service need to be more customer centric to differentiate themselves & positioning has to be unique. All the builders have similar location, same facilities in terms of offers on amenities with similar pricing. What to do next with this standardization in the product offers, the service approach become critical to attract buyers for purchasing decision.

This paper is focus on the categorizing the buyers into different segment based on demographics. Study was done on analysing preference on attributes in terms of Product & service. Attractiveness of attributes differently trigger the different segment so mapping of attributes with buyer segmentation.

The study was conducted for 205 respondents of Pune from PCMC. It is also observed that most of the consumer bought the property for residential use and it seem to be not effected by their income. The product and the service are effective when it comes to the buying behaviour of the consumer and in most cases completed projects were preferred and it took around 6 months to 1 years for the consumer to buy. Social network has been voted as the most preferred source of information by age group of 20-40yrs. So investing on social networking will be future of buyer preference for information search. Income plays very important role on attributes preference in product & service attributes. According to the income preference change significantly on attributes preference also.

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INTRODUCTION

As per the Gera Report, unsold housing units in the region including, Pimpri-Chinchwad increased to 56 per cent in 2015 as compared to the previous year. The region witnessed the sale of 88,815 units in 2015 as against 98,968 housing units sold in 2014, the report said. However, despite the dip in the sales with increased unsold stocks, developers are still optimistic about better sales in future and are not ready for any significant price correction.

As per the report, the average property prices measured across 3,312 projects in the Pune Metropolitan Region increased by only Rs 35 per square feet to Rs 5,096 per square feet.

According to the Pune's real estate market over the past few years has been witnessing a steady slowdown. The market, which normally sees absorption of around 20,000-22,000 units every six months, has been witnessing absorption of lesser than 15,000 units on a half-yearly basis. While realtors blame the

wait-and-watch policy of buyers and the global slowdown for the trend, buyers on the other hand blame artificial inflation in the market for deferring their investments. All this result in slow down the sales & increase in inventory.

Analysis done by 99 acres after the government announcement on demonetization of currency notes of Rs. 500 & Rs. 1000 will have impact on following five parameters.

- Short term cash crunch & transactional problem
- End of Corruption in real estate
- Enhance transparency
- Greater foreign investment
- Reduce price & realistic pricing

All this has its pros on cons in short term but definitely beneficial for long term growth for economical point of view & as well as buyers point of view. All this leads to be more heat-up on buying behavioural approach for decision making. Buyers become more calculative, having fair choices & buying

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for better reasons. No decision is made just for utilizing the cash in hand.

Focus on the purchasing decision is more driven towards the factors influencing the buying decision. Attributes appealing most to each buyers will be heterogeneous but it will have convergence at the point based on demographics.

This dynamics must be understand by the sellers to attract right people & design the right property in terms of product & service attributes.

Definition of terms

- **Consumer Behaviour:** Consumer Behaviour is defined as activities people undertake when obtaining, consuming and disposing of products & services. Field of study that focuses on consumer activates. *Given by Backwell, Miniard & Engel
- **Factors:** A circumstance, fact, or influence that contributes to a result.

External Influencing Factors

- Seller Marketing Efforts: Include all P's of Marketing.
- Sociocultural Environment
 1. Family
 2. Reference Group
 3. Non-commercial sources
 4. Social class
 5. Culture & sub-culture

Internal Influencing Factors

Psychological Field & Personal Demographic

1. Motivation
2. Perception
3. Learning
4. Personality
5. Attitude
6. Experience
7. Age
8. Occupation
9. Income
10. Lifestyle

*Consumer decision making model given by Leon G.Schiffman, Leslie Lazar Kanuk & S. Ramesh Kumar

- **Attributes:** A quality or feature regarded as a characteristic or inherent part of someone or something.
- **Residential Property:** A type of leased property, containing either a single family or multifamily structure, that is available for occupation for non-business purposes.
- **Residential property buyers:** A home buyer is defined as a person who is in the process of buying a home.
- **Residential property Suppliers:** Housing suppliers in this research are defined as the people who provide housing products and relative services to consumers.
- **Residential Property Investor Market:** Housing products in this study include residential houses and the services provided by housing suppliers.
- **Purchase decisions:** A purchase decision is defined as occurring "when the buyer has paid for a product or has

made some financial commitment to buy some specified amount during some specified time period. It is caused by intention to buy"

- **Service quality:** Service quality provided by housing suppliers refers to the home buyer's assessment of quality and focuses on all things that influence the home buyer's perceptions of quality. It is a relative evaluation in that it will vary from one customer to another.

REVIEW OF LITERATURE

Article written by (Roe, 2002) on Form and Function has study the trends that are influencing the decision of developers in purchasing products; analysis on the criteria of considering savings versus value. Developers and building owners are looking beyond economies of scale to control costs while delivering quality. Quality in construction, facilities & innovation is in trend to influence decision making.

Study conducted in Australia by (Zeng & Zhou, 2001) on A geographical information system implication on decision making. Researcher had spoken about the development of a prototype real estate GIS (REGIS) by integrating fuzzy set (FZ) theory, this system will guide seller & buyer both parallel.

(Bello, 2007) analysis residential property valuation & price as a importance attributes to determine the Consumers' preferences in Nigeria.

Stuart M. Dillon (1998) study conducted by the researcher to know descriptive theory of decision making, explained the situational concept which plays important role for decision between alternatives available. There are some certain decision behaviours that are always going to be present in unaided decision making.

(Levy, Murphy, & Lee, 2008) Researcher talked about influences and Emotions& Family collective decision making process for buying a House. They spoke that this is different from other investment as lots of family aspects come into the picture.

Study was undertaken by (Daly, Gronow, Jenkins, & Plimmer, 2003) on a cross-national comparative basis in the UK, Ireland and Australia as valuers overlook the economic sustainability of the property asset, which has severe implications for housing markets and national economies that interact with these markets. The decision maker has behavioural pattern as per economical sustainable parameter of the location as well.

(Kalia, 2013) has studied in Tirana ad explain the impact of four factors demographic characteristics, Housing preferences, marketing factors & psychological factors. According to the finding, the price of a house or an apartment, and the interest rate are very important factors in purchasing a house or an apartment. Researchers are knowing the impact of uses of social media for providing information, attracting potential buyers and encouraging the buyers to visit their facilities on the site. It is also recommended that construction companies' creation of databases of customers either through direct contacts or by phone or online contact is an essential element in order to understand the buyers' preferences and creating sales.

(Seiler, Seiler, Harrison, & Luchtenberg, 2009) studied the Role of Profit, Law, and Ethics in Residential Estate Investments. The prospective purchasers effectively hold a call

option on the Property if they need to check fluctuation in profit, law full execution & ethics.

Heidi Falkenbach (2010) explained external & internal factors for motivation towards property purchasing. Internal factors can be applicable to this situation also, as growth potential, diversification of investment profile, industrial growth, local infrastructure growth, property appreciation etc.

Niko Suhonen (2007) has given the argument based on experimental research that normative and descriptive theories are not mutually exclusive. According to the situation 100% descriptive approach is not worked out & decision can be mix normative and descriptive framework.

Sayali Sandbhor *et.al* (2013) explains the growth potential of pune region due to infrastructural planning of development like international airport & metro in long run. This will enhance the quality of life & area near the Pune district also as great opportunity to extend. This is exactly the situation on which phase of growth of Pune & nearby districts are blessed.

Frank, Alejandro Germán *et.al* (2013) says about the importance of Investment alternatives selection involves a variety of criteria that should be evaluated to provide a solid basis for decision-making. This was focused on the rationally evaluating the alternative to choose best.

According to the study by John W. Payne (1976) of two characteristics of the search data, amount of information searched per alternative and pattern of search, proved useful in discriminating between four alternative models of decision making. Social sites are the part of life & the fastest mode of information exchange.

Ethel Lee (2013) had given the empirical evidence on the role of Social media & which is increasing day by day. Social media has wide acceptance because of transparency & accessibility provided to the consumer.

M Duggan, J Brenner-2013 had given his empirical study on that young adults are more likely than others to use major social media. At the same time, other groups are interested in different sites and services.

So there are enough evidence on different internet users differ in the choice of search, intensity & dependency on information. This hypothesis has helped to know the role of social site in information search for decision making. The degree of dependency is changing with the demography.

Research Questions

Two research questions addressed through the questionnaire on which attributes are more important & what all they consider as an important attribute before taking a purchase decision. This research is helping to correlate the factors which influence the different attributes preference by different group of people based on demographics.

- **Research question 1:** What all attributes are considered by Indian Buyers while taking decisions for purchasing residential property in India?
- **Research question 2:** Is the Product Attribute or service attribute which is more important for the buyers?

Research Objectives

1. To analyse impact of residential property attributes and services provided by housing suppliers on residential buyers' purchase decision in Pune Region.
2. To study the decision making process of residential property buyers for residential property purchasing.
3. To identify the residential property attributes that have the major influence on investors purchase decisions.

Hypothesis

H1: The Social Site preference for information search in decision making process is varies significantly with Qualification, age & Occupation:

H2: Product and service attributes are significantly varies based on income & purpose of purchasing.

Research Design

The empirical study was carried out. Population was defined as all individual are planning to buy the real state property from January 2015–December 2017 year in Pune Region. The research would be carried out in the physical location of Pune City & Pimpri-Chinchwad Sample was defied as each individual who had bought the real state property after January 2015 & December 2017 planning to buy by in Pune region.

The questionnaire was administered through the minimum sample size of 205 of the total population. Research was be carried out by using convenience data from the questionnaire would be coded and tabulated for further treatment. Data was analysed by using the techniques of Descriptive Statistics as well as Inferential Statistics.

Data Analysis

The descriptive data analysis

- Average salary of most of the customers is between 1lakh to 6lakhs
- 34% bought for residential purpose while most of them bought as a form of investment and very few of them about 2% bought as a gift
- 57% of them preferred a completed and ready to move projects and next to them under construction and not started projects got 22% and 23% of preference
- Most of the consumers took about 6months to 1year to buy the property
- More than half of the consumers are aged between 40 to 60 years
- Average family size of consumers is 3
- Most of the customers have a minimum education of bachelors and only 19% of them are not graduates
- 21% works with the state owned enterprises, 25% works in private business enterprises, while the other 19 % and 20% are government employees and public sector employees respectively. And finally 14.6% have their own business
- 30% has a salary between 3l to 6l, 25% earn in between 1l to 3l
- 25% voted newspaper as not a preferred source while social network and property exhibition received 27% and 24% of preference as a source of information

- Customers gave 24% preference to the surroundings to while taking purchase decision

One-way analysis of variance (ANOVA) were used to determine whether any significant relationships exist among respondents. In addition, the .05 level of statistical significance was set at all statistical tests in the present study. Social Site preference for the Information search is analysed according to the Age, Qualification & Occupation are significant or not.

Table1 Analysis of variance (ANOVA)

		Sum of Squares	df	Mean Square	F	Sig.
Age	Between Groups	5.748	4	1.437	3.78	0.005
	Within Groups	76.027	200	0.38		
	Total	81.776	204			
qualification	Between Groups	6.217	4	1.554	0.716	0.582
	Within Groups	434.008	200	2.17		
	Total	440.224	204			
Occupation	Between Groups	7.361	4	1.84	1.046	0.385
	Within Groups	351.878	200	1.759		
	Total	359.239	204			

It can be seen that the significance level of age, qualification and occupation are 0.005, 0.582 and 0.385 respectively. The significance values of qualification and occupation are above 0.05, therefore, the social network preference is statistically independent on qualification and occupation. Social network preference is statistically significant different based on age. Different age group have difference preference on dependency on social networking site.

Table 2 Post hoc test

Ryan-Einot-Gabriel-Welsch F				
Source_Social_network	N	Subset for alpha = 0.05		
		1	2	3
Neutral	42	1.52		
Preferred	55	1.6	1.6	
not preferred	32	1.84	1.84	1.84
least preferred	43		1.86	1.86
Most preferred	33			1.97
Sig.		0.124	0.115	0.835

Means for groups in homogeneous subsets are displayed.

But the significance value of age is 0.005, which is below 0.05 i.e., the social network preference is statistically dependent on age of the customers. So, post hoc test is done for further inference. Form post hoc test, it is observed that social network sites are most preferred by consumers aged between 20 to 40 years.

Table 3 Analysis of variance (ANOVA)

		Sum of Squares	df	Mean Square	F	Sig.
Income	Between Groups	31.865	1	31.865	21.077	0
	Within Groups	306.896	203	1.512		
	Total	338.761	204			
Purpose	Between Groups	0.341	1	0.341	0.454	0.501
	Within Groups	152.264	203	0.75		
	Total	152.605	204			

From table no. 3 is can be observed that the significance values of purpose of purchase is 0.501, which are above 0.05. Therefore, the product and service attributes are statistically independent of consumer's purpose of buying. But the significance values of income is 0.000, which is less than 0.05, which means that the product and service attribute is statistically dependent on income of the consumer.

CONCLUSION

Income & purpose of purchasing goes hand & hand. In Indian economy Most of the earning group comes under the salary range of 1 to 6Lakhs. Earning people still think that purchasing house is big return on investment so 37% people purchase home for investment. May be due to large inventory in housing in India, people start preferring completed project & near to passion project than awaiting. From the analysis it is observed that the average consumer's age is around40. It is also observed that most of the consumer bought the property for residential use and it seem to be not effected by their income. The product and the service are effective when it comes to the buying behaviour of the consumer and in most cases completed projects were preferred and it took around 6 months to 1 years for the consumer to buy. Social network has been voted as the most preferred source of information. By age group of 20-40yrs. Income plays very important role on attributes preference in product & service attributes.

Future scope

Based on the analysis, for good business development the target consumers will be middle aged people. And the most useful observation is that most of the social networking sites effect the consumers buying behaviour.

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