



Factors Affecting The Buying Behaviour and Buying Preferences of Individual House Owners

KEYWORDS

individual house owners, construction, Factor, Exploratory etc

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ABSTRACT Real estate prices in 'The City Beautiful' Coimbatore have been shooting up to the extent that it is near impossible for salaried class to buy a home in Coimbatore. Major reasons for such unprecedented increase in prices are high demand and low supply. Reason being, expansion is on the outskirts of the Coimbatore. The research problem has been identified as 'Identifying Key Factors Affecting Construction Decision of individual houses. Objectives of the study, To Identify Factors Affecting the Buying Behaviour and Buying Preferences of Individual House Owners. The collected data was analyzed with the help of SPSS16. Exploratory Factor Analysis (EFA) was used to identify the various factors from the list of variables. Inferential statistics like ANOVA and t-test were also used to see the effect of demographics on importance given to various factors. Important suggestion of this study, Marketers should prominently communicate features of their projects based on identified factors. Factors like 'Proximity' and 'Recreational & Leisure' seem to be secondary. However, may be highlighted depending upon the segment of consumers or individual house owners. Conclude this study, When, it comes to the offering of product to the prospective buyer marketers should focus on these identified factors according to the order of preference as found in the study.

INTRODUCTION

Real estate prices in 'The City Beautiful' Coimbatore have been shooting up to the extent that it is near impossible for salaried class to buy a home in Coimbatore. Major reasons for such unprecedented increase in prices are high demand and low supply. Reason being, expansion is on the outskirts of the Coimbatore, which includes Greater Sobha Developers Limited, such as Springfield Shelters Private Limited, Parson Builders, Elsyium Properties, have already started their project in this City. Their products portfolio includes residential plots, commercial property, duplex villas, independent floors and apartments. Although, independent house is new to the region but demand for this product is rising day by day because of scarcity of housing in Coimbatore. Customers have the wide choice to select the best suitable individual houses for them because of the intense competition and additional supply in the market. Therefore, it is important for the real estate marketers to understand the behaviour of prospective buyers and to identify the influencing factors, which affect the choice of customers. Therefore, in this background the present study aims to identify the key factors affecting the decision of customers to construct individual house owners in outskirts of Coimbatore.

STATEMENT OF THE PROBLEM

The research problem has been identified as 'Identifying Key Factors Affecting Construction Decision of individual houses: An Exploratory Study in Peripheries of Coimbatore'. The knowledge of different factors affecting the buying behaviour and buying preferences of the consumers will provide to builders and developers to launch their residential apartment schemes and to understand the insight of buying behaviour. Hence, they will be able to launch their housing schemes better and effectively. The present study has been designed to identify the key factors affecting construction decision of buying residential apartments in peripheries of Coimbatore and, thereafter, to make of customers' opinion about factors identified.

OBJECTIVES OF STUDY

To Identify Factors Affecting the Buying Behaviour and Buying Preferences of Individual House Owners

RESEARCH METHODOLOGY

Research methodology for the present paper has been discussed as under: The purpose of the study was to identify the key factors affecting construction decision of buying individual house owners apartments in the outskirts of Coimbatore. Hence, the exploratory research design has been used. The population for the study consisted of residents of Coimbatore. Target population is defined as individuals working in government or private sector and were planning to buy an individual house owners have construct an individual house owner in the last one year.

In the present study, simple random sampling technique has been used. However, efforts have been made to collect the data from different walks of people. Initially, interview schedule were distributed to 400 individuals. For collection of data, a interview schedule was used. Before drafting of final interview schedule, unstructured interviews were carried out with property dealers and prospective buyers to list the various variables, which customers generally consider before construct individual house owners. Help from previous studies were also sought to expand the list of factors. Finally, a list of 19 variables was prepared after removing of 7 variables, which were similar to other variables. Data was collected during the month of January – February 2013. The 'sampling unit' for the study was individuals. The researcher conducted the survey for 6 months (from April 2012 to October 2012). The collected data was analyzed with the help of SPSS16. Exploratory Factor Analysis (EFA) was used to identify the various factors from the list of variables. Inferential statistics like ANOVA and t-test were also used to see the effect of demographics on importance given to various factors. To check the normality of data Kolmogorov-Smirnov test was used and it was found that collected data was normally distributed ($Z = .947$ Asymp. Sig. 331).

Buying behaviour factors

The objective of the study was to factors influencing the construction decision of individual houses in Coimbatore. Therefore, respondents were asked to indicate their opinion regarding the importance of each variable in their construction decision of individual house owners. Factor Analysis (EFA) was applied to club the 17 variables into meaningful

factors. The calculated KMO value was .688 and Bartlett's Test of Sphericity was found significant ($P < 0.05$).

Table-1: KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy	Bartlett's Test of Sphericity		
.688	Approx. Chi-Square	df	sig
	3495.028	190	.000

Sources: Primary Data

The KMO index ranges from 0 to 1, with 0.50 considered suitable for factor analysis. The Bartlett's Test of Sphericity should be significant ($p < 0.05$) for factor analysis to be suitable. Thus the present data set satisfied these two conditions to apply FA. Factors were extracted by using Principal components analysis (PCA). Six-factor having Eigen Values more than 1 were extracted which explained the 72.918 per cent variance (Table3). Rotation of factor was done by using 'Varimax with Kaiser Normalization' rotation method. Based on the computations as represented in the Rotated Component Matrix (Table 1), the six factors were identified i.e. 'Basic Amenities' (14.087%, 4.364), 'Recreational and Leisure' (13.953%, 2.841), 'Layout' (10.570%, 3.606), 'Financials' (11.077%, 2.026), 'Proximity' (10.735%, 1.724) and 'Connectivity' (10.593%, 1.322). Each variable was retained a factor having loading more than 0.45.

Table-2 Factors Affecting Construction Decision of Apartments

N=400

Factor	Factors Name	Variables	Eigen Values	Total Variance (%)	Factor Loading
1	Basic Amenities	Electricity backup	4.364	15.087	.869
		Water supply			.858
		Sewerage methods			.863
		Car parking			.556
2	Recreational and Leisure	Close to exercise room	2.841	13.953	.869
		Park facing			.858
		Near to Community hall			.863
3	Layout	Floor of the apartment	2.606	10.570	.864
		Number of rooms / bedrooms			.551
		Sub staff room			.862
4	Financials	Price	3.026	11.077	.465
		Booking amount			.782
		EMI			.827
5	Proximity	Proximity to own office	1.724	10.735	.827
		Proximity to spouse office			.827

		Proximity to children's school			.707
6	Connectivity	Access to market	1.322	10.593	.819
		Access to public transportation			.711
		road			

Total variance Explained : 73.916 %
 Table: 3 shows that four variables were loaded on Factor 1. All these four variables are related with basic amenities without which a place cannot be considered viable for living purpose. The four variables loaded on '1st Factor' were 'Electricity backup' (.969), 'Water supply' (.958) 'Sewerage system' (.963) and 'Car parking' (.556). This Factor was labeled as 'Basic Amenities'. Three variable loaded on the '2nd Factor' were related to opinion of respondents towards Recreational and Leisure facilities near apartments which included 'Close to gym' (.969), 'Park Facing' (.958) and 'Near to Community hall' (.963). This Factor was named as 'Recreational and Leisure'. Three variables loaded on '3rd Factor' were related with the general 'Layout' and floor of the apartments. The '3rd Factor' was loaded on by variables; 'Floor of the apartment' (.964), Number of rooms/bedrooms (.551), Servant room (.962). Third factor was labeled as 'Layout'. Three variables loaded on '4th Factor' were Price (.465), Booking amount (.783) and EMI (.825). It clearly shows that these variables are related with Financials. Hence, this factor was named as 'Financials'. Items identified for '5th Factor' were 'Proximity to own office' (.829), 'Proximity to spouse office' (.829) and 'Proximity to children's school' (.706). This factor was labeled as 'Proximity'. Similarly, three items were loaded on '6th Factor' which was named as 'Connectivity'. The four items loaded on this factor were 'Access to market' (.818), 'Access to public transportation' (.711) and 'Connectivity to main road' (.683).

Importance Assigned to Factors

To identify the order of importance of each factor, mean scores were calculated for each factor (Table 4). Firstly, factor scores for each respondent were calculated by summing raw scores corresponding to all variables loading on a factor and divided by number of variables. Thereafter, mean was calculates for each factor by dividing number of respondents.

Table-4: Importance Assigned to Factors
 N=200

Sources: Primary Data

Above the table shows that four variables were loaded on Factor 1. All these four variables are related with basic amenities without which a place cannot be considered viable for living purpose. The four variables loaded on '1st Factor' were 'Electricity backup' (.869), 'Water supply' (.858) 'Sewerage methods' (.863) and 'Car parking' (.556). This Factor was labeled as 'Basic Amenities'. Three variable loaded on the '2nd Factor' were related to opinion of respondents towards Recreational and Leisure facilities near apartments which included 'Close to exercise room' (.969), 'Park Facing' (.858) and 'Near to Community hall' (.863). This Factor was named as 'Recreational and Leisure'. Three variables loaded on '3rd Factor' were related with the general 'Layout' and floor of the apartments. The '3rd Factor' was loaded on by variables; 'Floor of the apartment' (.864), Number of rooms/bedrooms (.551), Servant room (.862). The four items loaded on this factor were 'Access to market' (.818), 'Access to public transportation' (.711) and 'Connectivity to main road' (.689).

SUGGESTIONS

1. Marketers should prominently communicate features of their projects based on identified factors. Factors like 'Proximity' and 'Recreational & Leisure' seem to be secondary. However, may be highlighted depending upon the segment of consumers or individual house owners
2. Real estate marketer should pay special attention towards these factors especially when dealing with customers from such fundamental facilities.
3. There is a lack of proper data and management of the real estate sector so govt. should take the corrective steps in this regard so that the proper estimation and

management of the real estate can be made possible.

4. Due to lot of investment avenues in real estate in India, fraud cases are also increasing day by day like in Construction of buildings. Thus careful measures and laws should be enacted to deal with these types of situations.

CONCLUSION

The present study was conducted to explore the preferences assigned to various factors by the customers when it comes to construction individual house owners. The factor 'Basic amenities' has been identified as the most important factor, which influences the choice of customers. It clearly shows that the first thing which prospective buyer looks for, are basic amenities like water supply, electricity, sewerage system etc., which are essential to start with living. 'Financial Factors', 'Connectivity' Factors' and 'Layout Factors' are other primary factors which influence the choice of the customers. Therefore, these factors seek proper attention from the builder. Factors like 'Proximity' and 'Recreational and Leisure' seem to be secondary factor. However, these factors cannot be ignored at all by the builders. The study has significant implications for the real estate marketers too. When, it comes to the offering of product to the prospective buyer marketers should focus on these identified factors according to the order of preference as found in the study.

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