Research Paper   **Management**

An Evaluation of factors influencing customer's home buying decision

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ABSTRACT

In typical Mangalore style, seeing a golden goose every would be entrepreneur with or without the bucks had joined the bandwagon hoping to make a quick buck. As the rest of the Indian economy caved in, so did the REM. The main objective of this study is to analyze the various factors influencing the flat or independent house buying decision. The study has found out that factors like space of house size, Freedom & Individuality, down payment & Financing, Management and maintenance of service and transportation facilities offered, Long term commitment and financial backing decide the future of the project. Unlike brokering in vacant land, promoting grand real estate projects is not easy as it looks. It calls for considerable professional expertise and exposure to the field. Real estate developers have to promote their projects at localities favored by their customers taking into consideration their lifestyles, preferences etc.

Keywords :

Introduction:

The study facilitates real estate developers to think of preferences and choices of consumers related to Home buying decision (i.e Flats & Resident Villas). The increased competition in the housing finance sector has revolted in easier loans at lower rates of interest. Promoting grand real estate project is not easy as it looks. It calls for considerable professional expertise and exposure to the field.

Objectives:

1. The study and analyze factors influencing the home buying decision.
2. To evaluate professional services preferred by the flat buying customers.
3. To analyze various promotional techniques of real estate developers.

Why Buying a Home is a good idea:

- **Income Tax Savings**

All of the interest and property taxes customers pay in a given year can be deducted from their gross income to reduce their taxable income.

- **Stable monthly housing costs**

When customers rent a house to live, they can certainly expect their rent to increase each year or even more after. If customers get a fixed rate when they buy a home they have the same monthly payment amount for thirty years.

- **Forced Savings**

Some customers are just loosy at saving money, and house is an automatic savings account.

- **Freedom & Individualism**

When customers rent, they are normally limited on what they can do to improve their home. They have to get permission to make certain types of improvements.

(Mangalore Today, 2002)

Professional Service expectations buy customers

Services

The after sales or post-sales service (the aftermarket) includes customer service (repair and maintenance), consultation services. The real estate developer must make arrangements for appropriate service facilities. Service can also be a promotional tool; when a home or flat requires after sales service, its providing could provide the edge over that a competitor does not provide it or provides an inadequate level of service.

Customer Service and Marketing Excellence

Achieving and maintaining a commanding position in the market place is become increasingly difficult in a wide variety of industries because of growing competition on the one hand and more demanding customers on the other. (Anonymous, 1997)

METHODOLOGY
Location of the study

The study was conducted in Mangalore city. Information was collected from over 250 respondents opting for Flat/ Resident Villas purchase decision.

Sources of Data
Secondary Data

The secondary data is obtained from various business magazines, journals, newspapers and websites.

Primary Data

Primary data were obtained through personal interview with respondents. Questionnaires were the important tool for collecting the information. All the collected data were analyzed to form the final conclusion.

Analysis

Data and information collected from primary as well as secondary source were tabulated as described by " Tull and Hawkins"(1998).

Limitations of the Study

1. Time was one of the major constraints for the study (the duration of the study was for 45 days).
2. The study is based much on primary data and very less secondary data is available.
3. The information was collected from respondents; they may include their perception and may not be all accurate.

4.   The study was confined to only Mangalore city limits.

Results & Discussions
This study was conducted to understand the real-estate scenario in Mangalore-city Corporation. Real estate developers are always interested in understanding the different factors affecting the buying behaviors because such knowledge enables them to understand consumers and more approximately to segment and target those consumers who are likely

Age wise Distribution of Respondents
The study shows that majority of the respondents who influences the Flat/Home buying decision belongs to the age group of 40-50. The Table 1 shows age-wise distribution of respondents.

Age	% of Respondents
20-30	21.6
30-40	23.2
40-50	28.4
50-60	15.6
60 Above	11.2

(Table: 1 Age-wise distribution of respondents)

Influencing Factors in Customers Home Buying Decision
The majority of respondents who influences the Flat/ Home Buying decision preferred Location. The Table 2 shows influencing factors in customers Flat/ Home buying decisions. Location emphasizes the importance of overall value of customers home.

Particulars	% of Respondents
Location	30.4
Facilities	21.2
Price	18.4
Environment	10.2
Neighborhood	9.6
Local Community	5.6

(Table 2 Influencing factors in customers home buying decision)

Factor consideration of customers while buying a home from a Real-Estate Developer
Majority of the customers has opted for the Spacing of House size as an influencing factor for buying a home from a real estate developer.

Particulars	% of Respondents
Space of House Size	44.5
Landscaping	17.6
Interiors	8.4
Bed Rooms	7.6
Bathrooms	6.4
Kitchen	6
Swimming Pool	4.4

(Table 3 : Factor consideration of customers while buying a home from a real estate developer)

Influencing Factors in Purchase Decision
From the study it is clear that majority of respondents opted for the statement "Freedom & Individuality".

Particulars	Percentage of respondents
Freedom& Individuality	32.4
Best Investment	24
Stable Monthly Housing Cost	19.6
Income Tax Savings	15.2
Forced Savings	8.8

(Table 3: Influencing factors in purchase decision)

Service Facilities Expectation of Customers
Majority of the customers preferred Transportation facility as the expected service facility opted by them.

Particulars	% of Respondents
Transportation Facility	26.76
Recreation Facility	18.94
Educational Facility	18.56
Shopping Facility	18.56
Medical Facility	17.19

(Table 4: Service facility Expectation of customers)

Customer Familiarity with Banks providing Housing Loans
From the study it is clear that majority of the customers preferred SBI as the preferred bank for availing housing loans(Table 5).

Particulars	% of respondents
State Bank of India	19.2
Corporation Bank	18.8
Canara Bank	17.6
LIC	16
HDFC	15.2
Vijaya Bank	12.4

(Table 5: Customer familiarity with banks providing Housing loans)

Influencing Personalities in Purchase Decision
From the study it is clear that majority of the respondents are influenced by their wife in their family purchase decision. The Table 6 shows influencing personalities in purchase decision. The influence of a wife on a particular consumer decision depends in part on the product and service categories provided by the real estate firms. Husband wife decision making also apparent to be related to cultural influence. In another recent cross cultural study husband-wife decision making was studied among three groups.

Particulars	% of Respondents
Wife	40.8
Parents	26.4
Husband	20.4
Children	11.2

(Table 6: Influencing Personalities in Purchase decision)

Preference of Newspapers by real estate customers
Majority of the customers have opted Udayavani as the preferred News paper by the Flat/Home buying customers as indicated in Table 6.

Particulars	% of respondents
Udayavani	46.12
Times of India	23.64
Deccan Herald	12.4
Indian Express	8.9
Hindu	6.98
Vijaya Karnataka	3.88
Prajavani	3.49

(Table 7: Preference of newspapers by real estate customers)

Summary & Conclusion:
The study has found out that factors like Space of house size, Freedom & Individuality, Management & Maintenance of service will be the specific factors which influence customers home buying decision. Majority of the customers preferred Management & maintenance facilities. So there is a huge scope for improvement in this area.

The study also found the facts like the average the average Mangaloreans ability to buy a luxury home is not very high. A fancy feature like swimming pool rarely attracts the middle class buyer. Middle class customers form the largest segment. The preferences of the middle class customers is towards acquiring the basic amenities like acquiring T.V, Fridge, Washing Machine, good education for their children etc.

Real estate developers also should concentrate on spending enough time and money for giving management and maintenance facilities which is mainly preferred by the customers.

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