

A Study to gauge Consumer Decision Making Process towards selection of a Real Estate Brand

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Abstract: India's real estate sector is considered to be the second largest employer after agriculture. It is expected to grow 30 percent over the next decade. With these growths on one side, the competitions between the players are also intense on the other. Some of the major players are Ambuja Neotia, DLF, Unitech, Shapoorji Palonji, Jaypee Infotech, Alcove, Godrej Properties etc. As more and more players are coming in, the opportunities are increasing for the developers as there is a huge untapped market for affordable housing in the range of 5-20 lakh. For end user, the bargaining power has increased and they command greater flexibility from the developer. It is for this reason, a research has been conducted to know from the customers who have purchased flats that what parameter they considered most important while taking the decision to buy that flat. A statistical analysis by using the software Statistical Package For the Social Sciences (SPSS) has been done for the same to know whether age influences buying parameter or not. This research focuses on the importance of statistics in market survey.

Keywords: Real estate, market research, statistics, chi-square analysis.

1. INTRODUCTION

The purpose of the study is to bring to light the importance of statistics in market survey. This study has been conducted for the real estate sector to gauge consumer decision making process when they select a real estate brand with the help of a statistical tool.

India's real estate sector is considered to be the second largest employer after agriculture. It is expected to grow 30 percent over the next decade. The real estate sector has 4 sub sectors :

- Housing
- Retail
- Hospitality
- Commercial

India's rank in the Global House Price Index has reached 9th position among 55 International markets, thereby increasing prices in mainstream residential sector. Indian real estate market is expected to touch \$180 billion by the year 2020 where the "Housing Sector" itself is to contribute 11 percent to India's GDP by 2020.

According to Department of Industrial Policy & Promotions (DIPP), the construction development sector in India has received FDI equity inflows of \$24.67 billion in the period April 2000-December 2017. Some of the notable investments are acquisition of One Indiabulls by Blackstone Group from Indiabulls Real Estate for around ₹900 crore in May 2018, expansion by DLF in Gurugram by buying 11.76 acres of land for ₹15 billion in February 2018.

The Government of India has also taken certain steps to contribute to the growth of this sector. The Smart City Project is a great opportunity for the real estate companies where the plan is to build 100 smart cities.

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2. REASERCH DESIGN

A sample size of 35 respondents are chosen and response are collected from them through a Tab Based Personal Interviewing (TABI) followed by a questionnaire.

Respondent Name	Age Group	Parameter considered as Very important
Suman Naskar	26-30	Easy connectivity to public transport
Sourajit Mitra	26-30	Easy connectivity to public transport
Md. Danish	26-30	Easy connectivity to public transport
Rajvardhan Singh	26-30	Easy connectivity to public transport
Vishal Agarwal	31-35	Easy connectivity to public transport
Murli Jha	36-40	Easy connectivity to public transport
Viraj Manikant Kothari	36-40	Easy connectivity to public transport
Rakesh Pujari	36-40	Easy connectivity to public transport
Amalesh Chakraborty	36-40	Proximity to places for emergency needs
Md. Shirajuddin	36-40	Open spaces, close to greenery
Arijit Dhar	36-40	Proximity to places for emergency needs
Ajay Bagla	36-40	Proximity to places for emergency needs
Indrajeet Kumar	36-40	Proximity to places for emergency needs
Tinku Shee	41-45	Proximity to places for emergency needs
Joy Mukherjee	41-45	Open spaces, close to greenery
Tilak Banerjee	41-45	Proximity to places for emergency needs
Praveen Singh	41-45	Proximity to places for emergency needs
Rajarshi Chatterjee	41-45	Open spaces, close to greenery
Mr. Avijit Ray	41-45	Proximity to places for emergency needs
Md. Nayeem	41-45	Easy connectivity to public transport
Suparna Ganguly	46-50	Open spaces, close to greenery
Anjan Roy Chowdhury	46-50	Open spaces, close to greenery
Pradip Kumar Shaw	46-50	Open spaces, close to greenery
Rajesh Kumar Kedia	51-55	Open spaces, close to greenery
Subhra Gangopadhyay	51-55	Open spaces, close to greenery
Hat in Al Rashid	56-60	Easy connectivity to public transport
Arun Kumar Bhuwarka	56-60	Open spaces, close to greenery
Snehasis Saha	56-60	Open spaces, close to greenery
Prodip Kumar Dutta	56-60	Proximity to places for emergency needs
Pranab Saha	56-60	Open spaces, close to greenery
Vinod Kumar Soni	61-65	Open spaces, close to greenery
Harihar Prasad Vidyarthi	61-65	Open spaces, close to greenery
Usha Devi Shroff	61-65	Open spaces, close to greenery
Rakesh Kumar Sharma	61-65	Open spaces, close to greenery
She'd Nawab Alam	61-65	Open spaces, close to greenery

A questionnaire was made containing questions about the real estate property which they have booked. It contained several parameters which the respondents considered important while taking the decision of booking the property. They were scaled from 1 to 3 depending on the **level of importance**. The following pattern was followed :

- 1 – “Not so important”
- 2 – “Somewhat important”
- 3 – “Very important”

3. RESEARCH METHODOLOGY

A database containing the names of all the respondents who have booked a flat from a renowned real estate brand was provided. Primary data was collected from 35 respondents via face to face interview. Questionnaires were filled up by the respondents taking into consideration different parameters which they considered important during the decision making process of booking the flat.

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4. ANALYSIS

▪ Firstly, the details of the respondents were asked i.e Name, Mobile number, Age Group, Current area of residence etc. Then they were asked about the parameters which they considered important while buying the flat. The responses were taken from 35 respondents and they belonged to 2 different categories of age group :

AGE GROUP	VERY IMPORTANT PARAMETERS	
	Connectivity & Proximity	Open spaces, close to greenery
26-45	17	3
46-65	2	13

▪ Then, they were asked to rate (1 to 3) the parameters which they considered important while purchasing the new flat. The ratings were :

1 – “Not so important”

2 – “Somewhat important”

3 – “Very important”

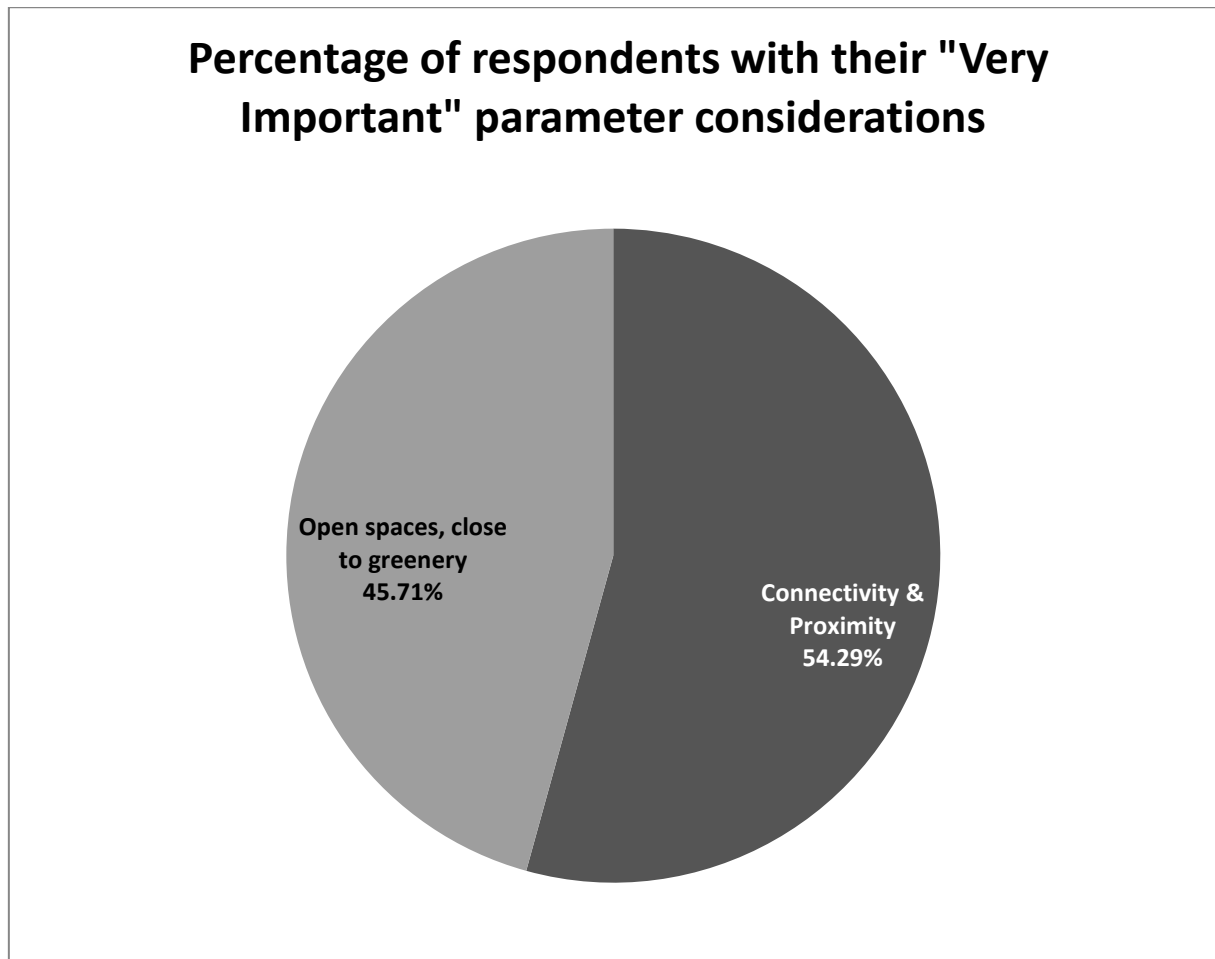
▪ The pattern of the questionnaire is given below :

	NOT IMPORTANT	SO SOMEWHAT IMPORTANT	VERY IMPORTANT	CAN'T SAY	(DO NOT PROMPT)
Builder name/reputation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Final price of the flat	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Flexibility in payment terms of the builder	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Project Amenities (Swimming pool, Gym,, Kids playing area, Car parking, etc.)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
See a sample flat before buying	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Good neighborhood	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Open spaces/ close to nature/greenery	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Air quality (Less air pollution)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Good views from the flat	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Features inside flats (Balcony, French Windows, fittings to be used etc.)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Flat Layout	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Room sizes	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Easy connectivity to public transport like metros	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Proximity to important places for daily and emergency needs like hospitals/ medical centres/market place/ malls/entertainment avenues/schools & colleges/workplace	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Possession date	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Vaastu Compliance	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Rental potential	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Appreciation potential	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Location	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Ready to move in flats	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Modular Kitchen	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Celebrity endorsement on the project	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

• After collecting the responses from 35 respondents and grouping the Age categories corresponding to the parameter considered as “**Very Important**”, we get :

Age Groups	Very Important Parameter
26-45	Connectivity & Proximity
46-65	Open spaces, close to greenery

- The Pie Chart below shows the percentage of respondents (out of total sample size) with their considerations of “**Very Important**” parameter of property buying decision.



- Here, the considered parameters are **varying with age**. For example; the respondents having age group 26-45 considered Easy connectivity to public transport as the Very Important parameter whereas the respondents of age group 46-65 considered Open spaces, close to greenery as the Very Important parameter.
- Now, taking into considerations the “**Very Important**” parameter which has driven the respondents to buy the property, a statistical interpretation has been done by using **Chi-square test** with the help of a software named **Statistical Package for the Social Sciences (SPSS)**.
- Here, there are two types of variables, namely **Age**, which is the independent variable and **Buying parameter**, which is the dependent variable.
- Here, the **Null Hypothesis (H₀)** has been set as “Age does not influence buying parameter” and subsequently the **Alternative Hypothesis (H₁)** has been set as “Age does influence buying parameter.”

CHI -SQUARE ANALYSIS:

Here, there are two types of variables, namely **Age**, which is the independent variable and **Buying parameter**, which is the dependent variable.

Firstly, the **Null Hypothesis (H₀)** has been set as “Age does not influence buying parameter” and subsequently the **Alternative Hypothesis (H₁)** has been set as “Age does influence buying parameter.”

- H₀ : Age does not influence buying parameter
- H₁ : Age does influence buying parameter

Then, by putting the variable inputs in SPSS, the following output has been obtained :-

Case Processing Summary

	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
AGE_GRP * PARAMETERS	35	100.0%	0	0.0%	35	100.0%

AGE_GRP * PARAMETERS Crosstabulation

			PARAMETERS		Total
			"CONNECTIVITY & PROXIMITY"	"OPEN SPACES, CLOSE TO GREENERY"	
AGE_GRP	"26-45"	Count	17	3	20
		Expected Count	10.9	9.1	20.0
	"46-65"	Count	2	13	15
		Expected Count	8.1	6.9	15.0
Total		Count	19	16	35
		Expected Count	19.0	16.0	35.0

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
Pearson Chi-Square	17.740 ^a	1	.000	.000	.000
Continuity Correction ^b	14.970	1	.000		
Likelihood Ratio	19.574	1	.000		
Fisher's Exact Test					
Linear-by-Linear Association	17.233	1	.000		
N of Valid Cases	35				

a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 6.86.

b. Computed only for a 2x2 table

Symmetric Measures

	Value	Approximate Significance
Nominal by Nominal Contingency Coefficient	.580	.000
N of Valid Cases	35	

Interpretation

- Here, the 'p' value is 0, i.e. less than 0.05 or 5%
- It means that the result is **statistically significant** i.e. there is a **significant association** between "Age" and "Buying parameter".
- So, **Null Hypothesis (H₀)** is rejected and **Alternative Hypothesis (H₁)** is accepted.
- Hence it shows, "**Age does influence buying parameter**".

5. RECOMMENDATIONS

Real Estate market in India is so competitive that it is important for each and every players to differentiate themselves from one another ,thereby offering unique features.Thus, it becomes very important for them to know their Target Group (TG).It is because each customer is driven by certain features which are mostly differentiable from one another.There can be various reasons for that,age being one of them.Thus,

- A real estate project should have a well defined Target Group. Segmentation, Targeting, Positioning, Differentiation must be done properly.
- It should have the attributes meeting the needs of a varied range of customers.
- The attributes should be both concrete as well as abstract, thereby providing functional as well as psychosocial benefits to the customers.
- Age is the most important factor while looking for a real estate project.The customer belonging to different age groups will have different expectations.

For example:

- A retired personnel would be looking for some open spaces,free of air pollution and a location away from the hustle and bustle of the main city.
- Reverse is the case for middle aged working professionals who would like a location which is at the heart of the city,having proximity to each and every places of convenience.
- Similarly, a young aged person will be inclined towards a project which has a chance of appreciation.

REFERENCE

- [1] The following link www.imrbint.com has been used to collect company details and all the data has been collected from the respondents through face to face interview.