

## **CHAPTER 5**

### **CONCLUSION AND RECOMMENDATION**

This chapter will present an overview of the study, its implications and also some recommendations for future research.

#### **5.1 Overview of the Study**

The recent economic slowdown has posted greater challenges to the developers. Likewise, general consumer sentiment towards the housing market is bullish and the new residential development would further increase the residential stock in the country. In such a lackluster economic environment, developer cannot simply depend on media promotional campaigns to create demand for their projects. Developer has to recognise that clever marketing includes researching, developing, packaging, pricing, promoting, selling and after-sales service would determine the success of a project.

The challenges for developers are to produce the kind of houses that meet the buyer's demand by studying the market first before embarking on any project. The success of a housing developer would depend very much on obtaining up-to-date information on consumer preferences. Prior knowledge of consumer needs and wants is important for the formulation of appropriate marketing strategies which in turn will ensure buyers' satisfaction and company's long term success.

Therefore, the objectives of this study are as followings:

- To identify factors that influence house buyers in their choice of house;
- To study the housing needs of the house buyers;
- To examine the search behaviour of house buyers;
- To explore the most effective channels in reaching the house buyers; and
- To explore the use of Internet in searching of house information.

An eight-page close-ended survey questionnaire (both English and Malay version) was used to explore the relative influence of various variables on the residential choice of respondents, and buyer search in housing market.

The questionnaire was divided into 3 major sections with strict instruction that the questionnaire is only eligible for respondents who own a house, and is self-administered by the respondents.

Section A was used to obtain more details pertaining to the home information of the respondents, such as information on the type of residence which is currently occupied or owned by the respondents, year of the purchase and the purchase price of the house etc.

Section B was used to examine the perceptions of respondents towards the choice of house, the housing needs of the house buyers, to examine the search behaviour of house buyers, to explore the most effective channels in reaching the house buyers, and the use of Internet in searching of house information.

In section C, the respondents' personal information was collected for the analysis of demographic profiles and cross-tabulation purpose.

In this research, a nonprobability sampling technique, namely convenience sampling was used to obtain respondents within the Klang Valley. To achieve the targeted sample of at least 300, a sample of 350 respondents was randomly selected among the residents of Kuala Lumpur and Selangor. The respondents were mainly from the middle-income to upper-income earners. The survey managed to collect 312 copies, and total usable questionnaire was 306 copies, which represents an actual response rate of 87.43%.

Among the statistical tools that had been conducted in the analysis were percentage, frequency, means, cross-tabulation analysis, reliability analysis, an independent t-test and chi-square test.

### **5.1.1 Overview on Demographic Profile**

From the response rate of 87.43% (306 samples), 62.09% are Chinese and Malay contributed 30.72% to the study. The balance of 7.19% is consisted of Indian and other races. As for the age profile of respondents, 50.33% of the house buyers are mainly at their matured age between 30 to 39 years old, followed by the buyers between 20 to 29 years old and 40 to 49 years old contributed 28.1% and 15.36% to the study respectively.

Home buyers are still dominated by the married couple with children which represented 57.52% of the respondents, while young married couples without children (21.89%) are showing strength. Similarly, the household size which dominating the housing market is between 4 to 5 persons (43.46%) and 2 to 3 persons (31.05%).

From the study, it reveals that 53.92% of the respondents are having university or professional degree, while 18.63% were with college diploma and 68.30% of the house buyers are working with the private sector while 19.93% are working with the government. The balance of the house buyers are self-employed or owned business, retired and others.

The study found that 62.09% of the respondents are in the RM2000 to RM5999 monthly household income category, which is about double of the personal income.

### **5.1.2 Overview on Housing Profile**

The findings of this survey reveals that 36.27% of the residence is double-story terrace, 23.20% is apartment, 14.05% is single-story terrace, and the rest is condominium, semi-detached, detached, flat, townhouse, and others. In other word, the most seek after type of residence in local housing market is double-storey terrace, apartment and single-storey terrace. Further testing on type of

residence across the ethnic group reveals that Malay and Chinese are indifferent in the type of residence.

Besides, the most popular type of house which purchase by the respondents is below RM150,000, followed by house which is between RM150,000 to RM249,999. Only minority of the respondents bought the house which is above RM250,000. The chi-square test reveals that both Malay and Chinese have different preference in their choice of house where Malay respondents more favour houses below RM100,000 and above RM250,000.

Besides, different age groups also have different preference in the choice of house. For young house buyers, they are more interested in the house priced below RM100,000, while home buyers between the age of 30 to 39 years old were generally have more liking towards both the houses priced between RM100,000 to RM149,999 and RM150,000 to RM249,999.

Other findings reveal that for home buyers with monthly household income less than RM4000, they are more favourable to the house below RM100,000, followed by house between RM100,000 to RM149,999. For houses priced between RM100,000 to RM149,999, generally all the four household income groups have about the same interest towards this type of house.

As noted from the study, 51.3% of the respondents purchased their house between the years of 1996 to 1999 while 19.9% in the year of 2000 to 2001. Nevertheless, there is not much different between the ethnic group.

The study also reveals that more than 60% of the respondents have renovated their house and the most popular part of the house renovated is the back portion of the house (39.54%) which would be most likely the location of kitchen. It is noted that double-storey terraced and high rise residence were the most renovated with 39.8% and 29.2% as compared to semi-detached and detached houses, which represented 5.7% and 8.4% respectively. Whereas, both ethnic

groups were not much different in their decision to do the renovation.

### **5.1.3 Overview on Housing Choice**

It has brought to our attention that the majority of the respondents (86.93%) preferred newly built house in their choice of house and Malay and Chinese have the same taste towards the preferred house.

Besides, the finding of the survey reveals that all of the factors as categorised in the five major variables, i.e. property design/characteristic, distance variables/location, environmental/neighbourhood, financial variables and developer's track record appear to be important in influencing respondents in their choice of house.

It is noted that security from crime, price of house, distance to work, developer's reputation to deliver house on time, quality, amount of noise, the built-up/floor area of the house and necessary experiences of developer are having the highest mean scores.

Further test reveals that all of the underlying factors have same influences to both Malay and Chinese respondents except for distance to public transportation where Malay is more favourable to this factor as compared to Chinese respondents.

By ranking, it shows that location of the house is the most influential, followed by price of the house, environment of the housing areas, physical characteristics of the house and developer's reputation. Further test reveals that both Malay and Chinese have the same opinion when come to the point of purchase a house.

By comparison, most of the respondents agree that they are willing to pay much more as a compensatory to better location, better housing environment, better housing design and reputable developer. It is also noted that Malay and Chinese were indifferent when come to making their choice of house except for

the comparison between housing environment and house design.

From the analysis of the survey, it reveals that people buy house mainly due to the reason that they want to own house, not rent, to establish own household, and for financial investment purposes. It is noted that Malay and Chinese respondents only different in opinion on the need due to change in marital status.

#### **5.1.4 Overview on Buyer Search in Housing Market**

From the survey, it is noted that the most popular searching tool in housing is through the advertisement in newspaper, following by home exhibition centres, advise from friends/colleagues, and advise from relatives. The use of Internet in house searching is the most unpopular among other sources available. Generally respondents view the quality of information in advertisement is as average. Further analysis reveals that both ethnic groups are indifferent in the use of house searching tools and in the use of Internet.

The finding of this survey reveals that respondent normally spent more than 4 months in looking for their ideal home and conducted four to six inspection prior to buying their house. In examining the search behaviour across the ethnic group, the test results are insignificant on the time spend on home searching and on the number of house inspected respectively.

Attractive location appears as the most appealing advertisement features, which draw the interest of buyers besides attractive pricing and attractive house design. Nevertheless, there are no different between the Malay and Chinese respondents towards the attractiveness of advertisement features.

It is noted that normally house buyers have an above average level of knowledge about the housing market (e.g. home type, demand and supply of houses, home price, mortgage loan and the availability of the targeted house)

when coming to the point of purchasing a house. Both Malay and Chinese respondents are indifferent in their housing knowledge.

Overall, 91.83% of the respondent view the information acquired during the home searching process is useful in concluding their decision before coming to the point of purchase.

## **5.2 Implication of the Study**

As noted from the study that young married couple and one person household were showing their in route to house market. It is believed that these two groups of people should be the next targeted house buyers for developers besides the married couple with children. The recent trend in house market reflected that the rich parents and financial support from family have enable the young people to own a house.

Besides, developers should also need to segment the house market according to the age group and household income. Generally, young home buyers and family with household income of less than RM4,000 are more interested to houses priced below RM150,000, while people at their mature age normally have higher purchasing power and tend to buy houses which are priced between RM150,000 to RM249,999 and above RM250,000. Thus, before each new house launching, developers need to identify who are the potential buyers and to price the house accordingly.

To study the housing choice by ethnic group, e.g. Malay and Chinese, it is noted that if developers would like to target Malay house buyers, they need to concentrate on two more prominent house types, i.e. houses priced below RM100,000 or houses priced above RM250,000. The likely rationale might due to unequal income distribution among Malay community. Notwithstanding, other categories of houses should also need to pay attention.

The findings from the study reveal that double-storey terrace and apartment/condominium are the most popular type of residence among the respondents. This indicated that for developer to have more expected sales, they should consider to build more double-storey houses, apartment/condominium. Nonetheless, other factors such as the existing stock in the housing market and the demand needs of potential house buyers, lifestyle etc. need to be identified. Not surprisingly to note that for houses priced between RM100,000 to RM150,000, there are the most favourable type of house to the house buyers. Thus, developers need to look into all these factors before any house launching.

Generally, house buyers are not satisfied with their house quality and majority of the house buyers had renovated their house, especially the back part of the house. This high percentage indicates that the house design is not satisfactorily to the house buyers and thus developers need to put in more consideration in this area in order to draw more attention of the potential house buyers.

From the survey, it has brought to our attention that the majority of the respondents preferred newly built house in their choice of house. Other finding by thestar.com.my also reveals that 94% of the respondents chose the option of build-then-sell as against sell-then-built. It is suggested that developers should consider to the option of build-then-sell if they are strong financially.

From the above findings on the influential level of each variables to the buyers' choice of house, it indicates that all the 30 underlying factors are important to the choice of house, particularly, security from crime, price of house, distance to work, developer's reputation to deliver house on time, developer's reputation for quality, amount of noise in the area, the built-up area of the house etc.

Further finding by ranking conclude that location is the most important to the house buyers, followed by price of the house, housing environment, house



design and developer's reputation. Besides, comparison study on this five major variables indicate that most of the respondents agreed that they were willing to pay much more as a compensatory for better location, better housing environment, better housing design and reputable developer.

Thus, from the buyers' perspective, location of the house appears to be a primary reason for buying a house besides price. Notwithstanding, track record and brand names of developers (e.g. experiences, reputation in quality, delivery on time etc.) and environment of housing areas have slowly emerging as the influential consideration factors in home buying, including the physical characteristics of the house. By understanding buyers' perspective in choice of house, developers need to adhere strictly to these factors and plan their house launching carefully to assure a successful housing project. If the location of the housing project is not strategic, more emphasize should be on price of the house, housing environment and house design. Besides, if developers would like to enjoy a lifetime value for their housing projects, they need to build up their reputation, especially in house quality, to deliver house on time, better customer services etc.

As revealed in the study that people buy house mainly due to the reasons that they want to own house, not rent, to establish own household, and for financial investment purposes etc. Thus, developer can make use of this information to better plan their promotional strategy.

It is noted from the study that the most popular searching tool in housing market is through the advertisement in newspaper, following by home exhibition centres, advise from friends/colleagues, and advise from relatives. Surprisingly to note that advise from friends/colleagues, and advise from relatives have gaining their weight now. Thus, it has brought to our attention that worth of mouth seems to have certain impact on buyer search behaviour and once again, it emphasize the important of developer's reputation in choice of house.

The use of Internet in house searching is the most unpopular among the others, however, it is believed that it will gain more popularity with the increasing ownership of personal computer and higher availability Internet access. Therefore, developer should pay attention to this searching tool in future.

As noted from the study that, house buyers normally spent more than four months in searching for house and conducted about four to six inspection before they bought their house. This indicated that developer need to strategize its promotion programe carefully and re-advertising might be needed to refresh the memory of potential house buyers on the availability of housing opportunities.

Besides, to attract potential buyers to a housing project, developers need to bear in mind some considerations on its advertisement features, namely, attractive location, attractive pricing, attractive house design, attractive town planning etc.

In short, we would like to conclude that for a successful housing project, developers need to pay attention to the five major variables, namely location, price of the house, housing environment, house design and developer's reputation, understanding the customers' needs and demographic profile, gathering information on housing market etc. and to strategize the marketing program and effective promotion channels.

### **5.3 Recommendations for Future Research**

As mentioned earlier that this survey is only restricted to respondents who own a house currently but not the potential buyer. Therefore, the buyers' perspective from the point of potential buyers is not available who would be the targeted consumer for first time buyers in housing. Thus, future research should also include the perception of potential buyers, mainly the working people in the study.

Future research should also need to cover a more appropriate sample size and to base on a more organised sampling method, i.e. quota sampling or strata sampling in order to be more representative in the study.

In addition to a more appropriate sample size, a wider geographical scope, i.e. nationwide should also need to be considered in the future research. Different states may differ in their cultural background, economic activities, topography, housing needs etc.

Besides, as population everywhere is dividing into smaller, clustered groups, each with its own special interests, lifestyles, and affinity for particular products, services. More research is needed to explore how the lifestyles, social classes and different types of families would affect the buyer in their choice decision.

In addition, it is noted that Internet is not popular for house buyers in searching for house information and they are still lacking awareness of the availability of the real estate information on the Internet. With the advancement in information technology and increasing transaction volumes of e-commerce, future home buyers will be able to search for house specific information (e.g. style, features, and amenities), obtain location information etc. through Internet and thus Internet use in home purchase should carry more weight in the future study.

In conclusion, in the future, developers will need to consider three important elements to the information gathering process if they want to succeed in their housing project. The first element is an analysis of likely future consumer preferences. This analysis is not based on what has happened in the past but rather on what they would like to happen in the future. The second research element consists of lifestyle innovations aimed to help the consumer attain a better working and living environment. The third is a pre-programmed plan to gather continual, long-term research data that will be used to fine-tune everything, especially the evolving development plan.