

## **Influences on the buying behavior of purchasing commercial housing in Nanning city of Guangxi province, China**

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### **ABSTRACT**

In order to study the consumer behavior of buying commercial housing, the researcher conducted such topic from the consumers' perspectives in Nanning City of Guangxi province of China. There are four main purposes of this study. Firstly, to study the external influences namely culture, government policies, marketing activities, and reference groups on consumer behavior on purchasing commercial houses. Secondly, to study how internal influences such as perception, attitudes, learning behavior, motivation, and emotions impact on home buying behaviors. Thirdly, to study how self-concept and lifestyle influence commercial house buyers. Finally, to understand the decision making process of buyers of commercial houses. A survey on consumer commercial house buying behavior has been conducted in GuangXi, China. The data are analyzed using multiple regression analysis and the results are in accordance to the expectation of the researcher. All the variables, namely culture, government, marketing activities, reference groups, perception, attitudes, learning, motivation, emotion, self-concept, and lifestyle are simultaneously significant to the dependent variable which is the consumer houses-buying behavior. However, all the eleven variables just can explain 35.9% of the variations under consumer house-buying behavior with an R square value of 0.359.

**Keywords:** Commercial Housing, Buying Behavior, Consumer Decision-Making Process, Internal Influences, External Influences

## INTRODUCTION

Koklic and Vida (2009) deems that the current researches for consumer behavior focus on psychological and social decision factors while the previous articles were mainly studied from rational aspects by reading relevant theoretical efforts. Bargh (2002) states that the recent models have not been involved in some fields of consumer house-buying behavior, such as: subconscious processes and the roles of needs, goals and emotions. In addition, Bazerman (2001) and Gronhaug et al (1987) also state that the researchers also don't have any idea about what factors are "big" and "strategic" enough for consumers to make decision. Therefore, Bazerman (2001) suggests the researcher should pay more attention and effort to find out what the most important and challenging decisions are, for example, when buying a house or car.

Gibber and Nelson (2003) indicates that it's a complex and highly involved demand to study the buying decision for real estate which is as a subgroup of durables. It's useful to conduct a research in the commercial house purchase behavior in Xingning District of Nanning city of Guangxi province, China on the basis that the province is undergoing a stage of progressive development in terms of city development, infrastructure building, rising population, high migration rate as well as greater demands for homes and higher expectations from house buyers. As such, this research is appropriate and timely for the city and people of GuangXi. Nevertheless, the survey findings will also be useful and reflective on the general home-buying behavior of Chinese consumers.

## LITERATURE REVIEW

Consumer behavior is defined as the behavior that consumer display in seeking, purchasing, using, evaluating and disposing of product and services that they expect will satisfy their personal needs (Schiffman, 2001). Consumer behavior embeds both mental decisions and the physical actions that result from those decisions.

### External Influences of Consumer Behavior

Culture, government, marketing activities, and reference groups are some of the critical elements for consideration when evaluating consumer behaviors.

**Culture.** Culture is the complex whole that includes knowledge, belief, art, law, morals, customs, and other capabilities and habits acquired by human as members of society (Hawkins, Mothersbaugh, & Best 2007). Culture as the meanings that are shared by most people in a social group, in a broad sense, culture meanings include common effective reactions, typical cognitions(belief), and characteristics patterns of behavior (Peter & Olson, 2008). Culture operates primarily by setting rather loose boundaries for individual behavior and by influencing the functioning of such institutions as the family and mass media. Thus, culture provides the framework within which individual and household lifestyles evolve (Hawkins, Mothersbaugh, & Best 2007). Marketers need to understand the culture meanings of their products and brands, while consumers seek to acquire certain cultural meanings in products and use them to create a desirable personal identity (Peter & Olson, 2008).

**Government.** In recent years, the people in China have begun to complaint about the high price of housing, and government also pays more attention to the real estate industry by issuing a series of policies in 2010 (Liu and Chen, 2011) to cool down the inflationary situation.

**Marketing activities.** Peter and Olson, (2005) pinpoints out that from a consumer's prospective, price are usually defined as what the consumer must give up to purchase a

product or services. In addition, pricing information provided influences consumer behavior. Certain consumer products, such as life insurance, automobiles, and houses are traditionally promoted through personal selling (Peter and Olson, 2005).

**Reference groups.** A reference group is a large group whose presumed perspectives or values are being used by an individual as the basic for his or her current behavior (Hawkins, Mothersbaugh, & Best 2007). A person's reference groups consist of all groups in which the person's attitudes or behaviors are influenced by a direct (face to face) or indirect factor (Kotler, 2003). The household is the basic consumption unit for most consumer goods, major items such as housing, automobiles, and appliances are consumed more by household units than individuals (Hawkins, Mothersbaugh, & Best 2007). The family decision process has come under study, and this should aid in the development and understanding of the home buying decision, as it is typically a complex decision involving both husband and wife (Burke, Belch, Lutz, & Bettman 1986).

### **Internal Influences of Consumer Behavior**

This section is aimed to study some internal influences from established consumer behavior classifications, including perception, attitudes, learning, motivations, and emotions.

**Perception.** In terms of studying consumer behavior, perception is very important to understand which actually affect a consumer's behavior. After recognizing a need or want to buy something, the consumer's perception situation would affect the way he or she behaves (Asch and Wolfe, 2001). Different people have different perceptions even for the same object or situation since people have their own subjective way to form their perceptions. Perception is the process of selecting, organizing, and interpreting sensations (Hanna & Wozniak, 2001) into information, and stored (Hawkins, Best, & Coney, 2007).

**Attitudes.** The most important determinant of consumer behavior is behavioral intentions and that depends both on a person's attitude toward performing the behavior and the influence of others' opinions about the behavior – that is, a subjective norm (Price, Arnould, & Zinkhan, 2004). Attitude plays a critical role in consumer behavior, and they are especially important because it motivates people to behave in relatively consistent ways (Babin & Harris, 2009). Attitudes simplify consumer decision making by providing a way for the individual to evaluate alternatives based on his or her knowledge of the attributes and benefits offered by each (Wells & Prensky, 2000).

**Learning.** Consumer learning refers to any process that changes a consumer's memory and behavior as a result of information processing (Arnould et al. 2001). Learning continually evolves and changes as a result of newly acquired knowledge (which may be gained from reading, or observation, or thinking) or actual experience (Schiffman et al, 2001). Kotler (2003) further stated that learning involves changes in an individual's behavior arising from experience which produced through the interplay of drives, stimuli, cues, responses, and reinforcement.

**Motivations.** According to Hawkins, Mothersbaugh, & Best, (2007) a motive is a construct representing an unobservable inner force that stimulates and compels a behavioral response and provides specific direction to that response. The research Solomon (2011) also views motivation as “the processes that lead people to behave as they do”. Consumers are often aware of and will admit to the motives causing their behavior. Within social two opposing motivational tendencies together drive many consumer behaviors. One we may call the motive toward integration or affiliation with other people; the other is the motive toward differentiation or distinction from other people (Price, Arnould, & Zinkhan, 2004).

**Emotions.** Emotions are strong, relatively uncontrollable feelings that affect consumer behavior (Hawkins, Mothersbaugh, & Best 2007). Norman (2004) postulates that

in emotional reactions surface appearance and behavioral utility play relatively minor roles, but what matters is the history of interaction, the associations people have with the objects, and the memories they evoke. In addition, they may provide attachment to a product or cause detachment from it (Sava's 2004).

### **Self-Concept and Lifestyle of Consumer Behavior**

**Self-concept.** Self-concept is defined as the totality of the individual's thoughts and feelings having reference to him or herself as an object by (Hawkins, Mothersbaugh, & Best 2007). People often consider their houses should be personal identity like symbols of experiences and relationships, to make distinctive identity over time (Csikszentmihalyi & Rochberg-Halton, 1981; Hummon, 1989; Somerville, 1997).

**Lifestyle.** Lifestyle frequently provides the basic motivation and guidelines for purchases, although it generally does so in an indirect, subtle manner (Hawkins, Mothersbaugh, & Best 2007). The value of various properties attributes change due to the lifestyle change. For example, the popularity of casual entertaining will reduce the value of houses with square footage devoted to formal living rooms rather than family or great rooms (Ahluwalia, 1996).

### **Consumer Decision-Making Process**

The following sections examine the consumer decision making process models: problem recognition, information search, alternative evaluation, decision making, and post-purchase behavior.

**Problem recognition.** Based on Solomon et al. (2006), the decision-making process begins when a consumer realizes it doesn't match between current affairs' state and the desired one. Meanwhile, they mentioned the people will be motivated to find a solution out to satisfy such difference after recognizing a need or problem.

**Information search.** Hawkins, Mothersbaugh, and Best (2007) highlight that consumers continually recognize needs and problems, they search for both internal and external searches for information to solve their problems. Normally, there are four different modes for consumer to search information (Asch & Wolfe, 2001). The first mode is called as personal source within which consumer can search information via personal network, such as friends, family, and colleague. The second mode is from commercial sources that consumer can find some information from advertising, sales personnel and displays. Consumer also can search information via public sources like mass media and consumer organizations. Another mode is experiential sources by examining and experiencing the products.

**Alternative evaluation.** Based on Solomon et al. (2006), consumers would put the most effort in the phase of alternative evaluation during the decision-making process. Evaluative criteria are the various dimensions, features, or benefits a consumer looks for in response to a specific problem (Hawkins, Mothersbaugh, & Best, 2007). Consumer would use different criteria to identify different alternatives even making a purchase decision among different options (Solomon et al. 2006).

**Decision making.** Evans et al. (1996) state that consumer would adopt some decision rules to make a final selection among different products and brands when the previous phases complete. The decision rule make consumers assign special value to a product or brand, meanwhile, the decision rule would generate relevant criteria for consumers to make a decision (Solomon et al., 2006).

**Post-purchase behavior.** The final stage for making decision is post-purchase evaluation. After purchasing consumers would conclude what they have experienced during

the process. The conclusion generates two outcomes: satisfaction and dissonance (Tan, 2010). If the product or service experience is beyond their expectations, they would satisfy to their selection. However, the dissonance is caused as the final selections do not meet expectations. If dissonance happens, consumers would search information and evaluate alternatives again to get a better choice.

## **METHODOLOGY**

### **Data collection**

The researcher designed convenience sampling method to design questionnaires to study 274 houses buyers from eight real estate developers in Xingning District of Nanning city. The respondents filled out the questionnaire at the purchasing time with anonymity. According to the data conclusion, 52% of total completed 261 pieces of questionnaire were male and others were female, meanwhile, the response rate was high to 95% which was sufficient to meet the requirement to finish the study.

### **Instructment**

In this study, the survey instructment of external factors, internal factors, self-concept and lifestyle, and decision making process were based on the conceptual model set upped in figure 1 (Appendix). 5-point Likert scale was used by the researcher to ask the respondents to rate the item from “strongly disagree” (1) to “strongly agree” (5).

### **Hypothesis**

**Hypothesis 1:** Culture has impact on the buyer’s behavior when buying a house in Xingning District of Nanning City.

**Hypothesis 2:** Government has impact on the buyer’s behavior when buying a house in Xingning District of Nanning City.

**Hypothesis 3:** Company’s activities have impact on the buyer’s behavior when buying a house in Xingning District of Nanning City.

**Hypothesis 4:** Reference groups have impact on the buyer’s behavior when buying a house in Xingning District of Nanning City.

**Hypothesis 5:** Perception has impact on the buyer’s behavior when buying a house in Xingning District of Nanning City.

**Hypothesis 6:** Attitudes have impact on the buyer’s behavior when buying a house in Xingning District of Nanning City.

**Hypothesis 7:** Learning has impact on the buyer’s behavior when buying a house in Xingning District of Nanning City.

**Hypothesis 8:** Emotions have impact on the buyer’s behavior when buying a house in Xingning District of Nanning City.

**Hypothesis 9:** Motivations have impact on the buyer's behavior when buying a house in Xingning District of Nanning City.

**Hypothesis 10:** self-concept has impact on the buyer's behavior when buying a house in Xingning District of Nanning City.

**Hypothesis 11:** lifestyle has impact on the buyer's behavior when buying a house in Xingning District of Nanning City.

**Hypothesis 12:** Each step of decision making process has impact on the buyers' behavior when buying a house in Xingning district of Nanning city.

## RESULT AND DISCUSSION

### Reliability coefficient

In order to test the internal consistency reliability of the scales, it needs to calculate the Alpha values. Once the Alpha value was higher than 0.60, the scale was reliable (Schuessler, 1971). Moreover, Hair et al. (2006) also mentioned that the lower limit of acceptability in quantitative research was between 0.60 and 0.70. The Alpha value was greater than 0.60, the more reliability estimates were considered adequate as the current study for exploratory in nature. According to the Table 1 (Appendix), all relevant Alpha figures were greater than 0.60 which were considered as acceptability and reliability.

### Correlations

Subsequent analysis took matrix correlation of consumer houses-buying behavior and the eleven independent variables as consideration. The result indicates that all the variables have significant correlation with consumer house-buying behavior, including culture ( $r=0.207, p\text{-value}=0.01 < 0.05$ ), government ( $r=0.226, p\text{-value}=0.01 < 0.05$ ), marketing activities ( $r=0.365, p\text{-value}=0.01 < 0.05$ ), reference group ( $r=0.466, p\text{-value}=0.01 < 0.05$ ), self-concept ( $r=0.417, p\text{-value}=0.01 < 0.05$ ), lifestyle ( $r=0.336, p\text{-value}=0.01 < 0.05$ ), perception ( $r=0.347, p\text{-value}=0.01 < 0.05$ ), attitudes ( $r=0.339, p\text{-value}=0.01 < 0.05$ ), learning ( $r=0.419, p\text{-value}=0.01 < 0.05$ ), motivation ( $r=0.244, p\text{-value}=0.01 < 0.05$ ), and emotion ( $r=0.247, p\text{-value}=0.01 < 0.05$ ). All above figures reflect the consumer houses-buying behaviors have significant correlation with all the independent variables.

### Hypothesis testing

Multiple regression analysis was used to test the Hypothesis 1 to 11 on the eleven independent variables on consumer houses-buying behavior. The results of the Multiple Regression Analysis are illustrated on Table 2 (Appendix).

Table 2 shows that all the independent variables (culture, government, marketing activities, reference groups, perception, attitudes, learning, motivation, emotion, self-concept, and lifestyle) are simultaneously significant to the dependent variable (consumer houses-buying behavior). This means that at least one of the eleven-predictor variables can be used to model consumer houses-buying behavior. From the value of R square is 0.359, 35.9% of the variation in consumer houses-buying behavior can be explained by all the eleven variables. From the analysis, reference groups ( $p\text{-value}=0.000$ ), perception ( $p\text{-value}=0.034$ ),

learning (p-value=0.001), and self-concept (p-value=0.011) were found to significantly impact on consumer house-buying behavior. Hence, hypothesis 4, 5, 7, and 10 were supported. As the other variables' p-value were greater than 0.05 and not related to the consumer house-buying behavior, hypothesis 1,2,3,6,8,9 and 11 were not supported.

The result of hypothesis 12 on the other hand shows that each step ranging from problem recognition to post-purchasing behavior all have a p-value of 0.000, which indicates an impact on consumer behavior.

## **IMPLICATIONS OF THE STUDY AND FUTURE RESEARCH**

The research will be most useful for real estate developers and property marketers as it allows deeper understanding of consumer decision making on purchasing commercial housing (Zhang, 2003). To some extent, the findings give a good guiding direction of potential home buyers' needs and expectations. This knowledge thus enables the home-developing companies to match their customers' desires with their offerings better (Zeithaml et al., 1990). In order to improve the higher buyer involvement, housing and developers' companies should focus on building more confidence and satisfaction to their potential and existing house owners. According to Hao (2011) and Yang and Zhu (2006), it is also helpful for government to understand consumers' attitudes and behaviors from this report so that it can draw up sound policy to protect consumers' interest and control the market.

Quantitative research method has been used to collect data, which is better to analyze consumers' behavior from quantity so that the report will be more persuasive for future research.

The studies should also analysis the relationship between demographic characteristics and consumer behavior. It is crucial to incorporate more bio-data of the respondents for in depth analysis. The bio-data should be extended to include consumers' occupation. The research thinks that it would be interesting to see how and to what extent how various occupations have impacts on potential home buyers. It would be of great help for house estate developer to evaluate the significant of the correlation between first-home buyer and second-time home buyers in terms of their occupation. There are of course many other numerous factors and elements which instigate buying decision. Another suggested area the researcher would like to add on is the way communication message and channels are designed to prompt or speed up buying decision. Perhaps there is a need to look into advertising and promotional activities via the internet.

Future studies should look further in studying the element of consumers' self-concept and lifestyle. This is because, the two factors act as the mediator among internal influences, external influences and consumer decision making process based on the research conceptual framework.

## **CONCLUSION**

The research is timely and useful considering the rapid urban development of the Guangxi province, China. As buying homes is an important stage of life and family establishment, it is thus critical that the perceptions and behavior of home buyers be understood and comprehended. This would ensure that homes are built in accordance to needs and expectations. The significant of this paper is extended to the property developers as well. The knowledge of the intrinsic needs enables developers to gain competitive advantage. This is essential as the property market is highly competitive. Furthermore, as living cost and standards changes so are expectations and demand. It is necessary therefore to study the trend of consumers' needs and wants. This is perhaps not a one-time research but should be on-

going for this reason.

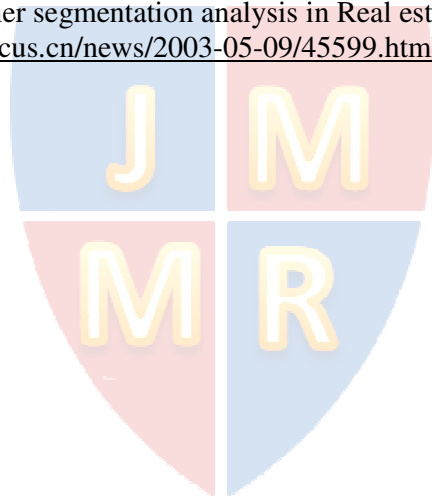
In sum, this is a crucial area whereby researchers should explore, considering the gargantuan implications in terms of business transactions. Future research in these aspects will definitely provide valuable information to all related supply chain industry of the real estate business as well as for the government in their future housing and taxation policies making.

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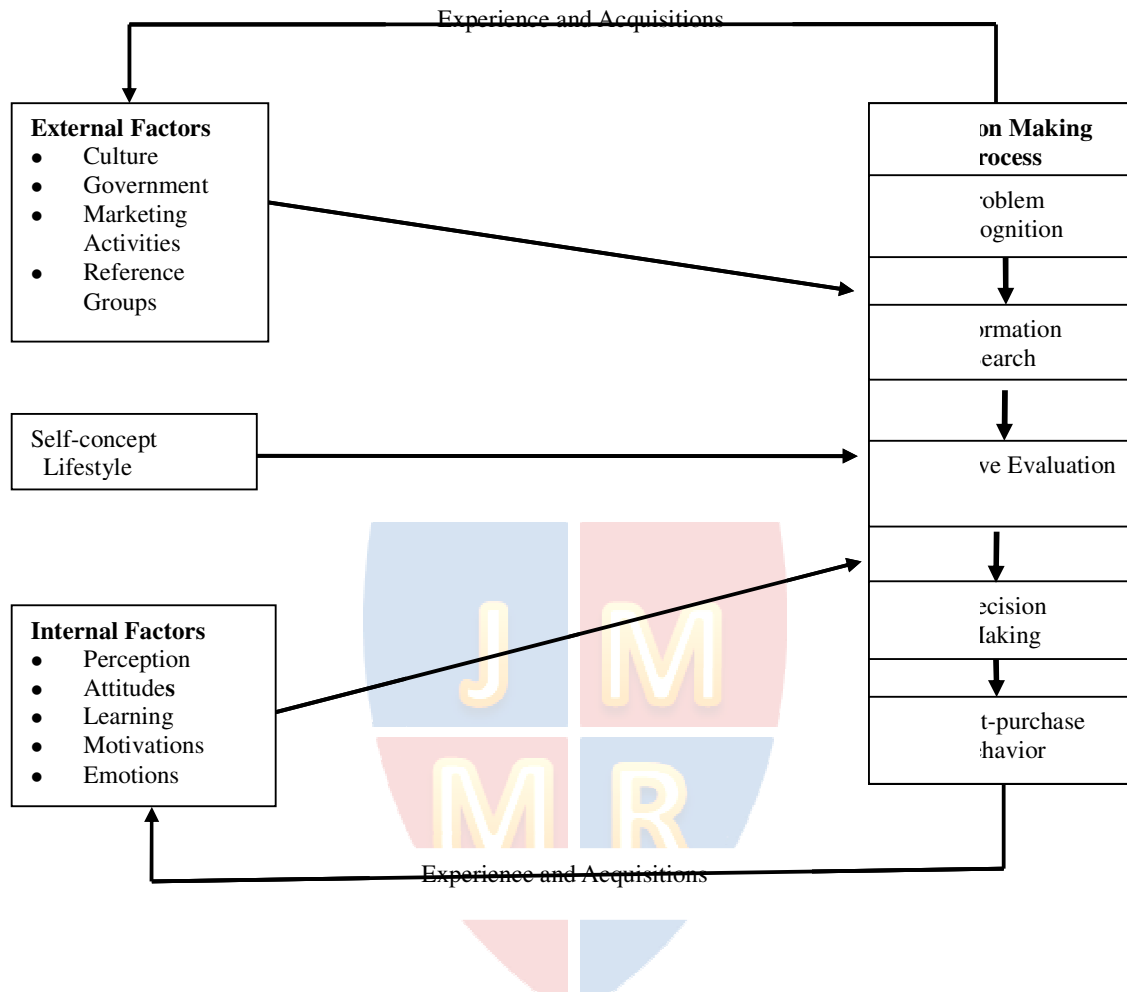


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**APPENDIX**

**Figure 1 Conceptual Model of the Research**



**Table 1 Reliability Level Obtained For Each of the Variables**

Construct	No. of items	Alpha Coefficient
External influences	13	0.836
Internal influences	14	0.857
Self-concept and lifestyle	2	0.763
Decision making process	6	0.727

**Table 2 Result of Multiple Regression Analysis**

Dependent variable: consumer house-buying behavior			
Model	Standardized coefficient(Beta)	T-value	Sig.
Constant		3.269	0.001
Culture	-0.034	-0.600	0.549
Government	-0.056	-0.913	0.362
Marketing activities	0.059	0.854	0.394
Reference groups	0.276	3.737	0.000
Perception	0.130	2.138	0.034
Attitudes	0.043	0.658	0.511
Learning	0.208	3.333	0.001
Motivation	-0.024	-0.411	0.680
Emotion	0.019	0.325	0.745
Self-concept	0.186	2.555	0.011
Lifestyle	0.016	0.240	0.811
R square = 0.359 F- Value = 12.691 Adjusted R Square = 0.331 Significance = 0.000			