

FACTORS INFLUENCING CONSUMER BUYING INTENTION FOR HOUSING UNIT IN DEPOK

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Abstract. Housing demand and supply in Jakarta is not balanced with the situation in greater demand. This makes the price of land rises. For those who can not afford to buy a home should choose to live in cities buffers such as Bogor, Depok, Tangerang, and Bekasi. Data indicate if Depok has the lowest land prices and the most to be the target, buyers. To take advantage of these opportunities, housing developers must know the characteristics of prospective homebuyers in Depok. This research will seek consumer behavior in buying a home in Depok. The basis of this study using input phase and the phase of the process. Input phase consists of marketing efforts by companies and social state of the environment. In the marketing efforts include marketing mix (4P) and the state of the state of the social environment includes influential people in buying property. In the phase of the process consists of awareness needs, information search, and evaluation options. The research will use questionnaires Both will be asked to use a Likert scale and with a nominal cross-sectional method. Once the data is collected, the data will be analyzed using descriptive analysis. Results indicate if the personal decision as important as the decision of the couple. They buy because of the urgent decision to stay. The sources of information used are the newspapers, the Internet, friends, and exhibition. And among many factors, the price factor is the most important factor.

Keywords: Real Estate, Consumer Decision Making Process, Marketing Mix, Buffer City

Introduction

The market of property industry is still growing in Indonesia, especially in big cities. There are two factors that influence the migration, namely, the push factor and the pull factor. Push factor happens because in smaller cities there are fewer jobs available, low-wage salaries, bad tenant habits, and bad living condition. Pull factor is the contrary of the push factor, which factor include conditions that are available at capital cities (Welsh, 2012).

More people who want to live at Jakarta lead to higher need or demand of residence. However, land availability could match with the increasing on demand. Thus, the land supply is far below the people's demand which cause 50% increase in land price Jakarta (Mahtani, 2012). Data, said that average price of house per meter in Jakarta is Rp.18,825,124 (Urbanindo, 2015). While on Bogor, Depok, Tangerang and Bekasi, called as buffer cities have average price of Rp.6,227,102.

For the people who could not afford to buy house on Jakarta, it forces them to live on buffer cities that located near Jakarta and have large quantities of land supply. Compared to other buffer cities, the square meter price in Depok is the lowest. The low price attracts many developers, causing the housing supply in Depok increasing 15-20% (Adi). Therefore, it attracts the tight competitions that caused dropping on sales record to 49%.

The purpose of this research is to investigate what factors influence people to buy a house in Depok. The growth of housing supply followed with a decrease on sales can cause large unoccupied land and net income losses for the land developer company. To avoid that problem, it is important for housing developers to understand the market well.

This research has an objective to find factors influencing decision-making behaviour on consumers at buffer cities around Jakarta, specified into Depok. Screening question of this research is whether consumers want to buy property on Depok. Questionnaire spreading conducted on two weeks from the last week of July 2015 to the first week of August 2015. Tolerance of error on this research use 10% of error with use Cross-Sectional data sampling. On the theory applied on this research which is consumer decision-making behaviour from Pearson (2012), the theory will be limited on the first two steps including the step of input and step of the process. Meanwhile, the last, step of output will not be discussed.

Literature Review

Consumer Decision Making Process

The fundamental theory of this research is consumer decision-making behaviour from Pearson (2012). He said on his book said that there are three major components that included at consumer behaviour decision-making process, that are input, process and output. This research will focus on consumer behaviour buying process but will not discuss the output.

Input is the influences which are given by outside of consumers their self. On this section, there are two sources of input that could influence decision making process. First one is firm's marketing effort is the company effort to market their product for their consumer. Pearson (2012) uses marketing mix theory on this section such as product, price, promotion and channels of distribution (place).

The first aspect of the marketing mix is the product. Product is something companies offer to the market that could be tangible or intangible. On the real estate industry, products will include both the house and service the company gives. Philip Kotler said that product classified as three levels which are core product, actual product, and augmented product.

The second aspect is price. It is the value of money traded with the product offered.. To determine what price that will fit the market, there are three basic approaches for pricing, which are the cost-plus approach, market-based approach, and value-based approach.

The third part is promotion. The promotion is the strategy of the company to get known by the customers. There are three different promotions strategy that could be implied by the company based on the placing of the advertisements, which are above the line, below the line, and the combination for the both of them, through the line.

Last one is place. It is the location where the customer could buy the product. A theory on the place at real estate industry is based on Li's (2010) research which called as intra-city housing alternatives. He found out that there are 8 factors and 18 attributes assessed on his research. The factors listed on figure below.

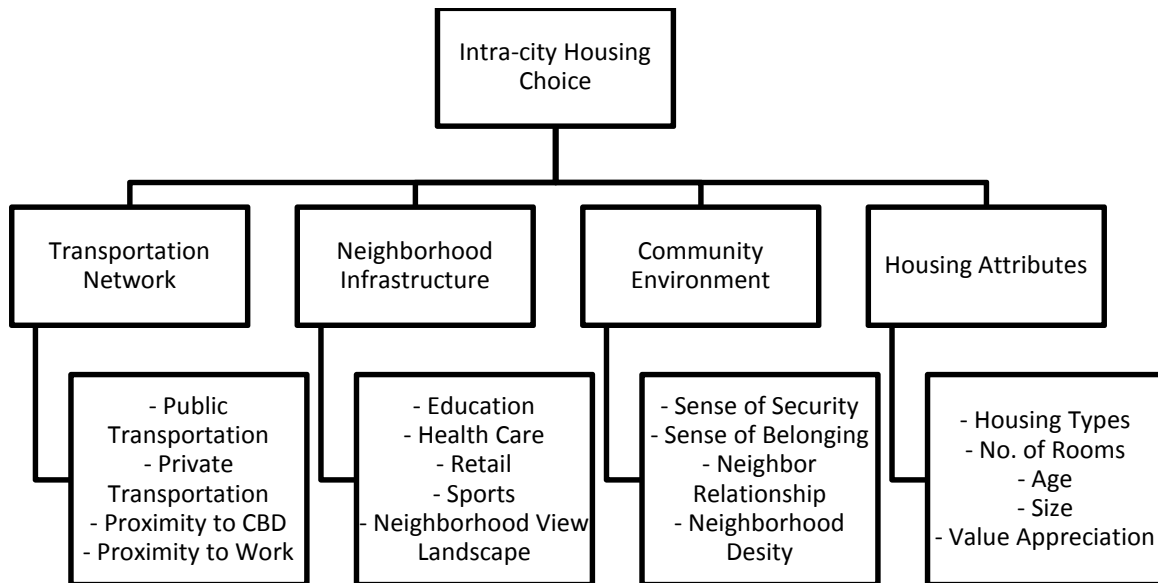


Figure 1. Intra-city Housing Choice Hierarchy (Li, 2010)

Transportation network discusses the transportation facility provided by neighbourhood. The society could not be separated from the transportation facility because it is the part of their daily activities on mobility. Neighbourhood infrastructure discusses the living facility to fulfil buyer's family living needs such as education, health care, store, sports area, and landscape view. Community environment discusses people subject on the environment.. Housing Attributes discuss the main product of housing industry, the house itself. It covered the condition inside the house such as a number of rooms, size, age, and value appreciation.

Sociocultural Environment is factored that are not classified as firm's marketing effort but still from outside the consumers their self. Examples for sociocultural environments are their family, informal sources, other non-commercial sources, social class, subcultures and cultures. On the real estate industry, the family could be the most influencer on buying decision.

Problem Recognition is the state where customers realize that they need to buy a product. When the company's marketing effort and the sociocultural environment successfully push customers to reach some point of the idea, customers start to think that they need to buy houses.

Then, costumers will search for information that reachable and fit with their needs. This state called as searching for information. The source of information could be from the internet, newspaper, friends, or property agencies that are commercially or naturally available.

The last one is analyse the best alternative for them to buy. This state called as evaluation of alternatives. On real estate industry, some factors that also taking consideration are proximity to the specific location, housing prices, developer's brand, the payment scheme, and the others.

Methods

Research Flow

The first step of this research is problem identification. It means to see the problem occurs in our daily life. So, this research can help others solving this problem. After seen the problem occurred,

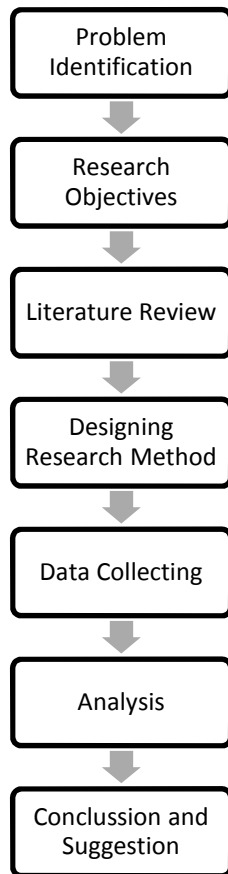


Figure 2. Research Steps

We need to determine the objective of this research that is designed to solve the problem. Then, we have to prepare the theories and secondary data to become the foundation of this research. This process named literature study. Then now, we could design the research method that consist of step by step from the first time the problem recognized until come up with the recommendation. Data collected sources from primary and secondary. The analysis will be conducted after the data fully collected. On this research, methods will be used on this research is descriptive analysis. The last, researchers now can find out the facts lied on our daily life and finally can answer its objective. This part not only summarizing the facts being collected but also give recommendations for the people who can solve the problem.

Data Collecting

This research will collect primary data and secondary data collected from websites. Primary data collected through spread questionnaires. It addresses for people who want to live at Depok. It includes the people who work and live at Jakarta, Bogor, Depok, Tangerang and Bekasi. The questionnaire for this research is attached at appendix. Secondary data designed to find the big picture of Depok a such number of people, economical number, and others, sourced from the websites.

Sampling Plan

The questionnaire will use the online survey as the media. So, the respondents only have to click on the link to get the form. The link of the survey will be spread to the online forum. This research will use judgmental sampling in selecting respondent to fill the questionnaire. The screening question criteria are the people who want to buy property at Depok.

To calculate number of samples needed for the research, we use the Slovin's sampling formula like the figure 3 below:

$$\text{Sample Size} = \frac{N}{1 + Ne^2}$$

Figure 3. Slovin's Sampling Formula

Then, we input the number to the formula using Slovin's sampling method to get the sample size number.

$$\text{Sample Size} = \frac{16,757,676}{1 + 16,757,676 (0,1)^2}$$

So, the samples needed for this research are 100 people.

Questionnaire Design

This section will discuss the measurement of the research, variable, and its indicators. Every paragraph will explain the variable and its definition, then to the questionnaire content, along with its indicators that being scored. Personal and preference data will be asked by the nominal question. While, the other questions will use 5 points on Likert scales method with 1 related to strongly disagree and 5 to strongly agreed.

Demography is personal data of respondents. On this research, demographics data that will be taking considered are Age, Property Budget Allocation, Occupation, Family Living Size, and Occupancy's Location. This question will use the nominal question to answer.

Product is something that people buy. On this research, indicators that will explain the product is housing type, surface area, number of bedroom, number of bathroom, building material specification, house design, land developer guarantee, complain responsiveness speed, actual and promise comparison, land blueprint confirmation, information availability of legal, banking installment guidance, capital gain, speed of responsiveness, and the ability to tell information. These questions will be asked by the Likert scale and nominal scale.

Price is something that people had to offer to get the product they want. Indicators of price on this research not only the house price but also the interest rates, amounts of down payment, and the amounts of bank instalments. These questions will be asked by Likert scale and nominal scale.

The place is the area where people can find the information about the products. Indicators for this variable are residence location, distance to marketing office, distance to educational facility, distance to hospital, distance to the market place, and distance to the highway. These questions will be asked by Likert scale and nominal scale.

The promotion is the company's effort to market its product and the company itself. On this research, promotions that correlated to the property are company's brand, umrah bonus, kitchen set bonus, water heater bonus, overseas vacation, motorcycle bonus, and subsidy of instalments. These questions will be asked by Likert scale and nominal scale.

The sociocultural environment is factored that come from outside the consumer that will influence on decision-making behaviour but not included at firm's marketing effort. On this research, the only indicator that will explain about sociocultural is relative's influence using the nominal scale.

Need recognition is the phase which the people start to think that they need the product. The indicator of this variable is the reason why they want to buy property at Depok using the nominal scale.

The pre-purchase search is the phase which the consumers searching the available information needed to buy the product. On this variable, indicators that will be counted are the internet media source, press media source, and other media using the nominal scale.

Evaluation of alternatives is a phase when people starting to weigh the alternatives and ready to take decision which product they want to buy. To calculate what is the most important factor will use indicators that are the price of the house, payment flexibility, company's brand, internal facility and location. These factors will score use sorting question.

Data Analysis Method

This research will use one methodology of analysis that is descriptive analysis. With this method applied, there is no need to conduct validity and reliability testing on questionnaire. Factors count by analysing their frequencies.

Research Result

Demography

The majority of respondents aged 31-41 years, and 26-30 years, with a total of both as much as 58%. Currently, they already have a family with the first child and stay in Depok. Funds allocated for the consumer installment ranges between Rp.3.100.000 - Rp.4.000.000 and Rp.4.100.000 - Rp.5.000.000 with income derived from salaries as employees of private and state enterprises. The office located at Jakarta and Depok.

Input

Table 1 . Price Importance

	Strongly Disagree	Disagree	Either Agree or Disagree	Agree	Strongly Agree
House Price	17	3	2	20	58
Interest Rates	10	8	4	23	55
Amount of Down Payments	10	9	7	29	45
Amount of Instalments	13	10	4	23	50

Data indicate if the price is appropriate for consumers in Depok is Rp.151.000.000 - Rp.300.000.000. Many people said that if the price of the credits they need assistance from the Bank. If consumers must compare the large amount of down payment large and small amount installment with small amount of down payment and large amount of installment, majority of respondents said they prefer larger amount of down payment is more important. In addition to some of the questions the nominal scale, there are also a few questions using a Likert scale. The majority of respondents said housing prices is very important, as well as the interest rate, the amount of down payment, and also the amount of the mortgage. It shows if almost all the items on the input as very important.

Table 2 .Promotion Importance

	Strongly Disagree	Disagree	Either Agree or Disagree	Agree	Strongly Agree
Company's Fame	23	10	27	18	22
Umrah Bonus	31	42	17	6	4
Kitchen Set Bonus	10	21	31	23	15
Water Heater Bonus	13	18	33	19	17
Overseas Vacation Bonus	24	19	37	9	11
Motorcycle Bonus	10	24	39	17	10
Instalments Subsidy Bonus	14	6	24	21	35

The next factor is promotion. Unlike the case with a price, the majority of the answers of the promotion are quite varied. Some items in this factor are considered as a matter of course, not to be important and also becomes important. It included the normal thing is fame developer, bonuses kitchen sets, water heater bonus, bonus overseas vacation and bonus motorcycles. One factor that is not grouped into an important factor that bonus out country roads. While, only one thing is important that the bonus subsidy payments. It shows most people expect only one type of promotion is a bonus subsidy payments.

Table 3. Product Importance

	Strongly Disagree	Disagree	Either Agree or Disagree	Agree	Strongly Agree
Car Accessibility	13	4	11	20	52
Level of Secuirty	10	5	6	19	60
Housing Types	7	12	17	31	33
Surface Area	19	5	8	31	37
Number of Bedroom	19	3	23	29	26
Number of Bathroom	8	20	27	21	24
Quality of Raw Material	11	6	4	32	47
House Design	3	11	18	32	36
House Guarantee	12	8	14	30	36
Speed of Complaint Responsiveness	12	7	13	21	47
Spesification Accuracy	13	7	16	23	41
Confirmation of Building Plan	19	15	14	28	24
Showing Legal File	13	7	4	13	63
Financial Instalments Process Assist	16	2	5	32	45
Capital Gain	14	7	4	21	54
Speed of Responsiveness	6	7	9	40	38
Officer's Skill of Presentation	6	19	16	27	32

The third factor is the product. In this case, there are three types of products being measured is the core product, actual product and augmented product. For this type of property is the most sought-after house, and there are other items to determine if the type of home the most sought-after type of 60. Most of these items are classified to be very important, such as presentation skills, access driveway, security levels, spacious soil, type of housing, quality of raw materials, home design, home warranty, the speed of responding issues, legal information letters, aid to the bank, the price increase. Several factors are classified becomes an important factor is the speed of responding,

number of rooms, and confirmation of the plan. Meanwhile, the factors considered mediocre is the number of bathrooms. From these data, we can conclude if the product factor is a very important factor.

Table 4. Place Importance

	Strongly Disagree	Disagree	Either Agree or Disagree	Agree	Strongly Agree
Residence Location	12	8	5	28	47
Distance to Marketing Office	10	25	31	18	16
Distance to Office	14	12	15	25	34
Distance to Educational Facility	11	13	24	28	24
Distance to Hospital	15	11	17	36	21
Distance to Market Place	6	10	26	35	23
Distance to Entertainment Area	4	9	33	29	25
Distance to Access to Public Transportation	13	8	16	25	38
Distance to Highway	3	19	44	21	13

The last factor is place. Several factors are very important in the aspect of the location is the location of residence, the distance to the office, and the distance to public transport access. Some of these are items related to the person's main sustainability. While, some of the factors that are considered important is the distance to the place of learning, distance to the hospital, distance to market, and the distance to the entertainment area. Factors that are only used occasionally by consumers have been an important factor. And factors that are not used by consumers are grouped into the factors that are considered normal as the distance to the sales offices, and the distance to the toll.

At the sociocultural environment, items assessed relatives who can influence buying decisions, the data showed that 48% of respondents make decisions for themselves, 44% said their partner was the one who took the decision. While only 8% under on the other is a friend and parents.

Process

Answers on factors need recognition to say if the reason someone into buying a different house. However, we can see if the reason most someone in buying a home is because of the urgent need for shelter. In addition, the next factor is the desire to invest. This indicates if consumers buy a house at the same time want to invest in homes in which they live.

Consumers are looking for information from various sources including the internet media, print media and other media. For the source of the Internet, the majority of respondents said that if the source is not from the company's website, but is derived from the main market place olx.co.id and rumah123.com. For print media, the only source that give significant result is the Kompas newspaper. Another important source is a friend and exhibitions.

The last factor is evaluating its options. Data indicate if the most important factor is the price. In line with the results from the price in the marketing mix that is to say if the price is the most important factor. After that, the second most important item is the flexibility payouts are also still dealing with money. The third factor is the location of housing, namely the place where the house was located. The fourth factor is the internal facilities are provided by companies located in a residential area. The last factor is the fame, developers. This shows if the brand or fame person will barely affect someone in purchasing.

Conclusion

Characteristic of property buyer at Depok

To answer the first question of this research, we could see the characteristics of people by seeing demographical data. Monthly budget allocated for buying property are below than Rp.3.000.000. Most of them work at Jakarta or Depok as the private employee. They have various family sizes that still single until with more than 2 sons or daughters.

Factors Influencing Buying Process

The most important aspects for respondents are price, the second one is the product, then place and the last is the promotion. The most reason consumers want to buy property is the urgently need to buy the living place and have an investment media. Sociocultural environment that plays important role is their self and their spouse. Two-third of the respondents looks for information at *Kompas* newspaper. For internet media, it is best to at *olx.co.id* and *rumah123.com*, not company's website. There also two other medias that should take consideration which are the world of mouth and exhibition event. Most important factors when taking decision-making process behaviour property on Depok are price, flexible payments, location, residence's facility, and company's fame.

Recommendations

Recommendations for Property Developer

As the most important aspects rather than the others, leading on price strategy is very important on this industry. It is best for the company to provide not only the low in price, but also other sub-aspect. It is important for the company to provide optimum services for every people who come to the office because of every people and their spouse is the decision maker. Property developer company should show short time of process when consumers buy product and the high capital gain of the product. It is corresspond with the reason people buy. Marketing media to invest should based on the data of research such as *Kompas* newspaper, *olx.co.id*, *rumah123.com* and property exhibition. They also should create world of mouth to increase rates of reccommendation by friend.

Recommendation for Future Research

For further research, several things could be done to improving further research. The first one is researching other buffer cities at Jakarta such as Tangerang which have highest price per square among other buffer cities. Maybe, price's different could affect difference on consumers characteristics. The second one is researching other cities that have buffer cities such as Surabaya who

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