

ANALYSIS OF FACTORS INFLUENCING CONSUMER PURCHASE BEHAVIOR IN THE REALTY SECTOR IN PUNJAB

Pankaj Mohindru

Professor, Punjabi University, Patiala

Jasmeen Kaur

Research Scholar, Punjabi University, Patiala

ABSTRACT

Purpose: This study aims to identify the factors that influence consumer's decision in Punjab to purchase in Real Estate Sector.

Theoretical framework: The work is primarily to look at how Real Estate Agents affect the decisions consumers make about buying Home in Punjab and to analyze the link between major elements influencing consumers' house-buying behavior. The factors in the research study were determined within a framework of location, type of building, budget, funding agency, number of bedrooms, and Vastu.

Design/methodology/approach: To collect the necessary data, respondents were selected from Punjab by using convenience sampling technique and descriptive research design for the study. Data was collected through a structured questionnaire. Using the statistical tool, a sample size of 400 units (age group from 35 years and above, income levels from 20,000/- to 80,000/-, education levels of graduation or higher and employment status etc.) was analysed.

Findings: To conclude the findings of the study, the acquired data were first compiled and then evaluated using statistical tools. The findings of this paper is to show exactly what a customer needs to think about when deciding whether or not to buy a home in Real Estate Sector in Punjab.

Conclusion: The paper is helpful for both buyers and real estate agents. It helps buyers understand the factors that go into making a purchase decision, and it helps real estate agents understand what buyers want and how they think.

Keywords: Purchasing Behavior, Convenience Sampling, Real Estate, purchase intention, investment, and consumer's buying behaviour.

1. INTRODUCTION

Consumer behaviour is how businesses, groups, or people choose, buy, and use ideas, experiences, goods, or services to meet their needs (Thangasamy & Patikar, 2014). In reality, consumer behaviour is about more than just how a customer acts. The authors further believe that knowledge about consumers should be used in every aspect of a successful marketing plan. This knowledge helps companies to define the market and identify threats and opportunities for their brand. The customer on the Internet is very difficult to predict and you can experience that it differs from the traditional customer. Despite that there is a lot of research around identifying important attributes in the consumer decision-making process for shopping that takes place through physical stores and catalogs, so has extremely little focus on what drives consumer decisions when using the Internet to do their purchases (Majid et al., 2023, Sharma & Kaur, 2022, Thangasamy & Patikar, 2014; Tobergte and Curtis, 2013; Haider & Shakib, 2017).

There is also a lot of writing about the different things that affect the decision to buy a house (Peer, N., 2014; Gokhale, A., 2010; Lonappan, J., 2013; 4. Mittal & Singh, 2014). These things can be put under three categories: global, personal, and home-related. The economic growth (GDP growth rate), unemployment rate, interest rates, etc., are all macro-level factors. At the person level, there are things like age, stage of life, size of household, income of household, etc. There are many things to consider when buying a house, such as the price, the location, the quality of the neighbourhood, how safe the area seems, how easy it is to get to the main road, the size of the house, the number of rooms, the layout, the reputation of the builder, the availability of amenities, parking space, the view, etc. People don't want to live in a place where there is a lot of noise from traffic or a bad smell. People over 65 would rather live in a place close to hospitals. Families with children who go to school would rather live near good schools. People would also like to live close to gardens, shops, bus stops, and their families or friends. The location of a house is a very important factor, but sometimes a person can't get a house in the location they want. Also, because more and more people have cars, distance isn't as much of a problem, and many people may prefer to live in the suburbs, away from the smoke and pollution of the city, where house prices may also be lower.

The needs and desires of consumers are distinct from one another. They are unique individuals with distinct consumption patterns and purchasing habits. The marketer must comprehend the demands and desires of the consumer to deliver appropriate service. Consumer behavior is the study of the behavior of consumers in various contexts, including the consumption of goods, services, concepts, and experiences. The study of consumer behavior enables the marketer to comprehend consumers and thrive in a highly competitive marketing environment. This article outlines the elements that influence consumers in Punjab to purchase a home. This study aims to investigate how the factors identified affect consumers' decisions to purchase a home. These elements will be chosen based on the location, neighbourhood, structural characteristics, and cost. It's because these elements frequently serve as the primary determinants of consumers' decisions. This study will also clarify which factors are essential and which are not for consumers while purchasing a home.

OBJECTIVES OF THE RESEARCH

- To investigate the elements influencing customers' housing purchasing decisions in Punjab.
- Examine the relationship between major elements that influence the purchasing behavior of consumers.

2. LITERATURE REVIEW

Susilawati and Anunu (2001) examined the factors influencing buying behavior and identified four key constituents which are physical, environment, linkage, and utilities. The variables used in the study are internal as well as external factors, accessibility and convenience (market, place of worship, school, and working place), financial and economic factors like down payment, investment, and other basic facilities. They recommended that environment and utility components are essential for new housing projects.

Atkinson (2006) conducted an empirical analysis focussing on the segregation aspect considering the effect of income, housing market, and discrimination in the form of social and institutional forms. They found that segregation is considered a significant and obstinate problem with the concentration of urban poor or a specific ethnic group but also as a grouping of people as a consequence of the privileged class insulating it in its group. They concluded that people belonging to the same income class tend to reside with the same kind of

population leading to urban segmentation.

Kauko (2006) used the "behavioral-cultural" model prevailing in the housing market and conducted interviews with experts, planners, and professionals associated with Real Estate. The results reflected that the majority of apartment residents preferred the functional features and spaciousness of the apartment more useful rather than the location, and the physical surroundings too were not given more weightage keeping in mind tangible factors like the need of the family.

Solomon (2009) in his book titled 'Real People Real Decisions' established Consumer Behaviour, as an interdisciplinary subject and identified the need for studying consumer behavior, how consumer behavior emerged as a field of study in the 1960s and why the knowledge of consumer behaviors is indispensable. Consumers are unique, and have dissimilar needs and want of diverse nature consequently leading to different patterns and behaviors. The marketing people offer products and services to satisfy these wants and desires giving their organization a chance to be successful.

Koklicand Vida (2009) examined consumer buying behavior from the buyer's perspective and proposed a model of decision-making along with factors impacting the behavior implicating the benefits of purchasing an apartment by surveying new as well as potential buyers of this high involvement purchase. The study found that there is not enough understanding of this type of purchase if cognitive and rational factors are considered. The study found the reputation of the developer, architecture, and quality of construction.

Kotler and Keller (2012), As part of marketing, consumer buying behavior is studied to understand how individuals, groups, and organizations select, buy, use, and dispose of goods, as well as the factors such as previous experience, taste, price, and branding that influence their purchasing decisions.

Kottalapalli (2012) in his research identified that the contributing factors to the purchase of villas and apartments are financial gains, quality measures, investment opportunities, and features like community living. The author asserted that customers can save a remarkable percentage of the expenses if compared to the cost of executing the building task by themselves. Moreover, this also led to stress-free, risk-free, and peaceful living. The developers and leading builders are also securing the service of Structural Engineers, Architects, and qualified civil engineers in the construction ensuring quality control and quality assurance.

Arestisand González (2013) conducted an empirical analysis on the evolution of housing prices in OECD countries using the vector error correction econometric technique to study the housing prices from the global perspective using the conclusion that demand for housing is directly proportional to the increase in household's income which in turn induces an increase in appreciation of housing prices as the supply of housing stays constant for the short term.

According to **James A. (2014)**, there are three main groups involved in the real estate development process: the consumer group, the production group, and the public infrastructure group. The fact that each group has a cash cycle enterprise that must be viable in order to thrive is cited as a significant limitation shared by all groups. concludes that research is the finest risk management tool for the producer group to ensure that the development product satisfies the needs of the renter or buyer, the values of the politically engaged collective consumers, and the land use or the ethic of society as closely as feasible.

K. Saratbhai (2015) addressed the performance of real estate as an investment, the effectiveness of real estate markets, valuation concerns, the pricing of contract contingencies, prices and price fixing, and the agency business. Concludes that there are more and more research questions and that the public and business sectors are very interested in the answers.

Gajera & Malek (2018) investigate the purchasing habits of Vadodara residents and the factors that influence their decision to purchase a home, regardless of its size (1 BHK, 2 BHK, etc.). This study shows the typical buyer behaviour patterns, making it crucial for developers (sellers) and useful in identifying potential future growth areas for the real estate development industry. By offering guidelines to take into account before buying a home, it can in some ways solve the dilemma facing homebuyers.

Kamath and Jagtap (2019) studied consumer behavior in Pune's real estate sector and the study was done to acquire a holistic understanding of buying behavior. The internet is the main source of information when the need for buying is conceived by the customer, they concluded that the motive of most of the consumers behind purchasing the flats was residential utility only, and a few go for buying with an aim for investment. The most important parameter considered in selecting an apartment was the size of the residential unit. The aspect which was considered while finalizing the location was proximity to work, the connectivity characteristics, and then comes the price. The customers had a mixed response toward the existence of amenities as the residential purpose customers supported the presence of amenities like the Swimming Pool and Club House. Amphitheatre and Guest parking was expected by few customers whereas the investment was aimed at customers who do not want amenities

Casado-Daz et al., (2020), Several scholars have also failed to adequately address the commercial nature of second homes and second-home tourism.

Ullah and Huque (2021), While it is clear that people from rich countries prioritize having a second house for their leisure, second homes are becoming more and more popular among non- residents in many developing nations where the tendency has been expanding. It is enticing investors from a variety of rising markets as a common investment strategy.

Bhakat and Kumar A (2021), The goal of this study was to comprehend the variables that influence second-home buyers' intentions. The results have strongly influenced second-home buyers to seek out homes that are more in line with local and social aspects. This paper has important consequences from both a theoretical and practical standpoint. The research presented in this paper makes recommendations to agents and stakeholders about how to prioritize the marketing of housing and location-based attractions.

Muhammad Ariful Islam et al., (2022), Understanding the factors that affect apartment purchases in real estate markets is crucial for both consumers and the business. To compete in the real estate sector, businesses must first understand how people choose their residences. This study developed a theoretical framework of behavioral intention to examine factors influencing apartment buying. The three new factors are perceived physical quality, financial access, and supportive government policy.

No research has been done on the important factors to consider while buying a home as a consumer, and there is no research on buying Home in Real Estate Sector in Punjab. Because of this, a small- scale qualitative study was a good way to start looking at the factors and how important they were to people who were looking to buy a home in Punjab.

3. RESEARCH METHODOLOGY

This is descriptive and analytical research designed to determine the actual concepts and thought processes that consumers utilize while purchasing a home. As the research is descriptive and analytical methods in design, qualitative methods are the most effective. As the research investigates the primary determinants of consumers' purchasing decisions and how these determinants influence their decisions, it is crucial that all of their considerations are documented. For this reason, semi-structured questionnaire survey is the most acceptable research strategy. Due to the semi-structured nature of the survey, respondents will be able to mention any factor that influences their purchasing decision. Each of the elements, location, neighbourhood, price, and structural characteristics, can be discussed with the potential customer, and the respondent is free to clarify their impressions of each item and what it signifies.

The data collection will take place in a natural context, such as a real estate office or in the field, and this will improve respondents' trust (Denzin et al., 2011). The researcher will be able to comprehend and view situations from their point of view (Bryman, 2004). The objective of this study is to comprehend the specific aspects that influence a consumer's purchasing decision, as well as the full scope of facts and background information they analyse prior to investing in residential real estate.

Therefore, it was crucial that the chosen respondents were seriously considering buying a house. The transparency and flexibility it provides the researcher in getting the relevant data in the most conventional manner is another benefit of doing qualitative research. The factors affecting customers' purchasing choices in Punjab's real estate market.

3.1 Sample Size

For this research the sample size is 400 people. The researcher chose 400 people so that the study has a greater opportunity to discover additional information about the subject. The qualitative nature of the investigation determined the size of the sample. Demographic factors and real estate agent influences in connection to the factors that determine consumer behaviour were the focus of the questionnaire. This is the case since this study examines the elements that influence the purchasing decisions of consumers.

3.2 Conceptual Model

In the study of the relevant literature, the effects of location, Type of Building, Total Sq. ft area, Budget, Funding Agency (Rate of interest), No. of bedrooms and Vasthu on the consumer's purchasing behaviour were analysed. According to the review of the literature, the model for this study is illustrated below:

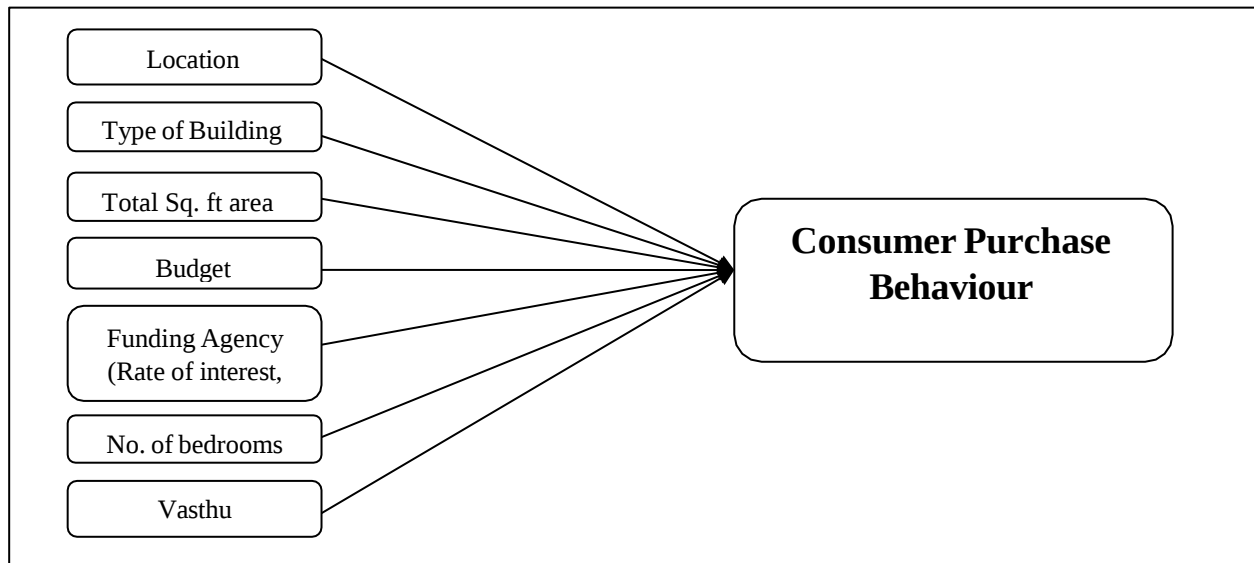


Figure1: Conceptual Model

4. FINDING, ANALYSIS AND DISCUSSION

Table 1 displays the demographic descriptive profile of the respondents. The table shows that there are 55% males and 45% females in the sample taken for the study, 55% were the age of 35 to 45, 37% were the age of 45 to 55 and 8% were the above age of 55, 32.5% respondents are not graduate, 40% of them have completed graduation, 22.5% of them are postgraduates and 5% of them have other degrees, 27.5% respondents work in the Government sector, 28.75% work in the private sector, there are 15% students, and 11.25% respondents are in agriculture, 6.25% of them are retired, and 8.75% of the respondents have their own businesses. The family status of the respondents is different as seen in the Table1, 10% people were young respondents, and 30 were newly married, 17.5% of them are old but married, 13.75% of them are married but have no kids, 7.5% are older people who are still unmarried, and 5.5% of them were divorcees, 4.5% of the respondents are single parents, 5% respondents were a widow and some respondents did not respond to this question. According to the survey the majority of the respondents belonged to the income group of Rs. 40,000-60,000, whereas, only 37.5% respondents belonged to the income group above Rs. 80,000.

Table1: Demographic Profile of Consumers

Category	Frequency (n=400)	Percentage
Age		
35-45	220	55%
45-55	148	37%
>55	32	8%
Gender		
Male	220	55%
Female	180	45%
Educational Qualification		
Below Graduation	130	32.5%
Graduation	160	40%
Post Graduation	90	22.5%
Others	20	5%

Employment Status		
Government	110	27.5%
Private Sector	115	28.75%
Student	60	15%
Agriculture	45	11.25%
Retired	25	6.25%
Business	35	8.75%
Others	10	2.5%
Family Status		
Young Singles	40	10%
Newly Married	30	7.5%
Married (youngest child under six years)	35	8.75%
Married (youngest child six or above)	15	3.75%
Older married couples with dependent children	70	17.5%
Older married couples without dependent children	35	8.75%
Married, no kids	55	13.75%
Older Singles	35	8.75%
Divorcee	22	5.5%
Single Parent	18	4.5%
Widow	20	5%
Others	25	6.25%
Monthly Income		
Below Rs.20,000	70	17.5%
Rs. 20,000-40,000	110	27.5%
Rs.40000-60000	140	35%
Rs. 60,000-80,000	50	12.5%
Above 80,000	30	7.5%

By using six dimensions as factors and R scores of 0.743, 0.553, and 0.546, respectively, Table 2 summarises the multiple regression model. The findings thus showed that the six factors were responsible for 54.6% of the variation in purchasing behaviour. Based on the cronbach's alpha values, the t - test for all factors was carried out. Table 2's findings demonstrate that the reliability requirements were satisfied because the cronbach's alpha values for all factors were more than the threshold of 0.50. Using the six components as factors and R value of 0.743, 0.553, and 0.546, respectively, Table 3 summarises the multiple regression model. The findings thus showed that the six factors were responsible for 54.6% of the variation in customer purchase behaviour.

Table2: Reliability test of the factors

Factors	Cronbach's alpha
Location	0.924
Type of Building	0.738
Total Sq. ft area	0.547
Budget	0.801
Funding Agency	0.745
No. of bedrooms	0.890
Vasthu	0.923

Table3: Regression Summary among factors

R	R Square	Adjusted R Square	Std. Error of estimate
0.744	0.552	0.545	0.532

Location and budget were found to have significant influence on buying decisions. Therefore, the results of the present study may suggest that Location and Budget have a greater influence on consumers' home-buying decisions in the Punjab real estate sector. Similar to the surprise findings regarding Location and Budget, it was discovered that Vashtu has a great effect on the buying decision. This may be due to the fact that the bulk of consumers were determined to buy best home in the real estate sector with location, price, and Vasthu. When discussing the location of the home in which they will invest, the majority of respondents emphasised the importance of proximity to transportation hubs and the city centre. After transportation, marketplaces and retail centres were deemed to be of paramount importance. Some responders highlighted the importance of schools, workplaces, and hospitals. 35% of the people who took part in the research said that the location of a property was so important that it could not be changed. According to the survey, 70% of the consumers said that the price of the property would affect whether or not they bought it. Only 15% of the people who were asked said that the price wouldn't affect their decision. Maintenance fees were also talked about, and 70% of the investors said that a maintenance fee wouldn't change their minds about buying.

CONCLUSION

Based on the survey results, we can conclude that location and price are crucial to consumers when they decide to buy real estate in Punjab. Based on the research, it is concluded that criteria like Inflation and consequent price hike, wives making final decisions regarding house purchase, and location close to the workplace have the most influence on the home-buying decision of consumers. This enables marketers to contend with competitors and achieve business growth. In addition, it raises the consumer's position concerning the purchase of a home in Punjab.

The results of this study show that the suggested model was successful for the purchasing decision of consumers. The suggested approach might be applied to examine the purchasing patterns for different factors in real estate sector. The robustness of the model predicting customer behaviour in various purchasing contexts may be improved by future studies testing the model with different purchasing factors. Although the focus of this study is on purchasing decision of consumers in real estate sector to buying a home, a similar approach can be tried in the future for purchasing property with the influence of investment. The ethnicity of the consumers may have a significant impact on the purchasing behaviour for home, hence this model may be evaluated in the future for various studies.

LIMITATIONS OF THE STUDY

- The consumers are limited to the districts of Punjab.
- Given that the survey was conducted solely in districts of Punjab, the results cannot be generalized.

- The opinions of the people who filled out the questionnaire were used to gather the data, which may change over time.
- Some consumers were hesitant to respond to the questions.

RECOMMENDATIONS

Many dynamic factors are significant and drive the consumer's purchase decision other than his demographic profile such as nature & type of job/occupation, health condition, and lifestyle. These factors too should be taken into view before demand synchronization with location, size, and price of the apartment. As a result, proper market research should be conducted in collaboration with regional Real estate agents to get an idea of the type of housing demand before setting up a project in that area.

The consumers should consider the pros and cons as suggested by friends or relatives as they are likely to be more aware of the project attributes. So, any decision should be taken after paying proper heed to the advice furnished by any friend or relative.

The consumer is more aware nowadays as the much-needed attention to the legal formalities, availability of facilities & security features and social environmental issues are given but the consumers are less interested in paying for the sustainable measures incorporated, which leads to the project being deprived of the same. The consumer should take initiative and ask the developer to make the project sustainable in all possible forms.

Real Estate Sector is full of opportunities as well as risks. The contribution towards Sustainable development has been a major opportunity for the Real Estate Sector. The better utilization of resources is a step towards a better future. Consumers should go for green projects so that sustainable development is achieved.

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