PURCHASING BEHAVIOR OF CHINESE CUSTOMERS TOWARD TO THE PROPERTY IN BANGKOK, THAILAND.

Li YueKun[1]
Asst.Prof.Dr. Leela Tiangsoongnern[2]

ABSTRACT

Today, real estate project are available more than 1000 units in Bangkok and metropolitan areas. The service of real estate in Bangkok has been changed in the different way than before which is they have to improve the service quality to support their foreign customer.Therefore this research aims to understand the purchasing behavior of Chinese customers by using the questionnaire to collect data from 100 Chinese respondents who come to buy property in 9 districts in Bangkok. Data were analyst using the demographic statistics and were testing by using chi square (x²- test) and multiples and multiple regression analysis.

The finding revealed that Chinese from different demographic profiles are likely to be differed in term of their purchasing behavior towards real estate in Bangkok. It was also found, there are an effect of service marketing mix (7P's) and word of mouth communications on purchasing behavior of Chinese customers toward the real estate in Bangkok. The findings of this study can provide baseline information to real estate sellers who target Chinese customers in Bangkok and help to develop marketing strategy that better reach customers.

Keywords: Purchasing behavior of Chinese customers toward the property in Bangkok, Thailand.

* [1] A Student of MBA (International Program), College of Innovative Business & Accounatncy, Dhurakij Pundit University, Bangkok, Thailand.
** [2] A Research Supervisor, Deputy Dean of International Programs and Connectivity and Director of International MBA & Ph.D. BA Programs.

Introduction

Thai Developers are taking various strategies to pursue growth objectives.Since 2013, more than 300,000 new condo units have been launched, 1.3 million square metre of new retail space has opened and nearly 800,000 square metre of new office space has completed. (Lorenzzo, 2018）

In this industry,Thailand's real estate information is relative to highly transparent.Many investment in other countries decisions fail due to asymmetric information. In the United States, for example, most of the U.S. real estate sales in China are in the less developed areas of the East Coast, such as Miami, Orlando, or several Western Texas cities, affected by visa, most of the homeowners have not or can not field trip projects.

Thailand's economic growth is gradually improving, and the Bank of Thailand has forecasted that GDP growth will reach near 4% in 2018. Thailand's rapid increase in tourist arrivals, export growth and infrastructure developments are continuing to drive the economy. Thailand had 35.3 million tourist arrivals in 2017, a record number with 8.6% growth. In 2018, the total revenue from both international and domestic tourist arrivals is expected to be at 2.7 trillion baht or 20% of the country's GDP. 2017 was a strong year for exports with estimated full year growth at 9.9%, the highest in six years and exceeding overall global export growth of 8.6%. The Commence Ministry expects export growth to increase by 6 - 6.5% this year.（CBRE research, 2018）

The demand for property, especially in Bangkok, continues unabated. Despite a drop off in absolute tourism numbers, enquiries from Chinese real estate buyers remains strong, setting new records. Not only are the Chinese the most frequent tourists to Thailand, they are the most enthusiastic property buyers, stetting a new record for Q3 this year. Number two in foreign investors into Thailand's property market is Hong Kong citizens. Buyer enquiries from mainland Chinese buyers more than doubled, year-on-year and was nearly 30% higher that the previous quarter, Q2. The enquiries for Thai property has never been so high. In part, the strong results are due to an unusual surge of inquiries in August. The overall effect has been to push inquiries in the third quarter more than twice as high as in the same quarter one year earlier.

Figure 1 Percentage of Property Investors in Thailand.

Source: Kasa Development(2018)

Sukhumvit   Sathon   Ekkamai   RamaIX   Ratchadapisak Huai Khwang Ratchathewi Jatujak
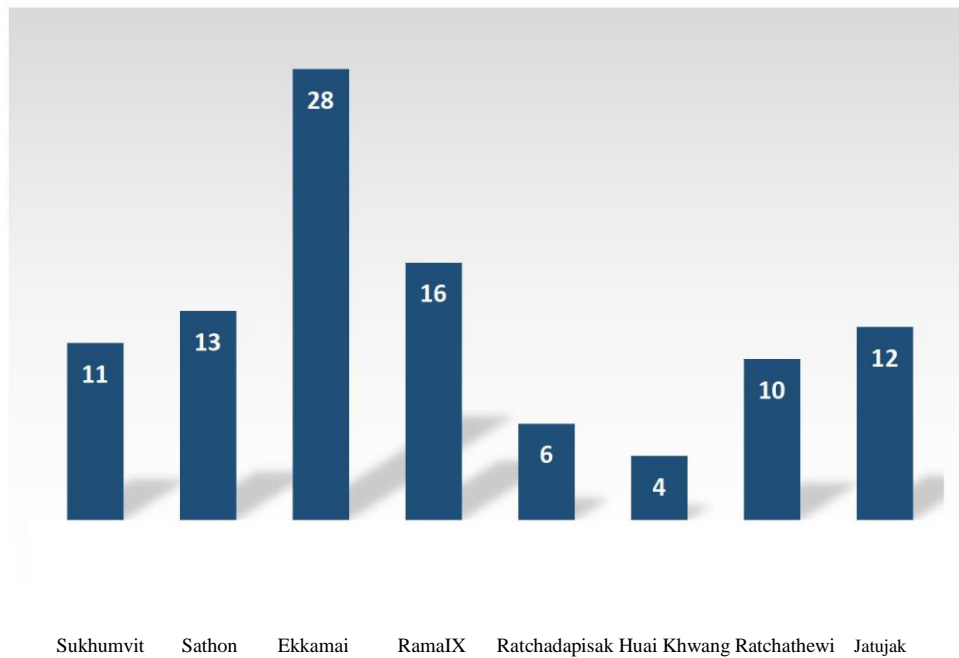
Figure 2 Location of property Chinese customers bought.

Based on the aforementioned, this study aims to test whether there is relationship between demographic profile, service marketing mix (7Ps) and the purchasing behavior, this study proposed two hypotheses as follows:

H1: There is a relationship between demographic profile and the purchasing behavior of Chinese customers toward the property in Bangkok.

H2: There is a relationship between service marketing mix 7P's strategy and the purchasing behavior of Chinese customers toward the property in Bangkok.

Investigating Constructs

This study collected data at Bangkok, Thailand.(Huai Khwang, Ekkamai, Jatujak, Sukhumvit, Sathon, Ratchathewi, Rama IX, Ratchadapisak.) from 19 Sep 2018 – 27 Dec 2018. The respondents is Chinese also live in Bangkok, Thailand (both by business and education purposes)And invest in real estate in Thailand. Questionnaires were distributed to 150 respondents and 100 complete responses were received for the data analysis.

In this study, the researcher tried to figure out the relationship between marketing mix (7Ps) such as product, price, place, promotion, people, process, and physical evidence and purchasing behavior. The definitions of key terms in this study are described as follows:

■ **Property -** condominium in Bangkok, Thailand with the price around 4-9 million Thai baht.The building where persons are able to hold ownership separately according to the section whereby each section consist of personal ownership in the property and joint ownership in common property.(B.E. 2522 as amended 2008)

■ **Mortgage -** a debt instrument, secured by the collateral of specified real estate property, that the borrower is obliged to pay back with a predetermined set of payments. Mortgages are used by individuals and businesses to make large real estate purchases without paying the entire purchase price up front.(Julia, 2017)

■ **Chinese customers -** Chinese nationality who purchase property in Bangkok, Thailand (Julia, 2017)

■ **Service marketing mix 7P's** - Product, Price, Place, Promotion, Process and Physical evidence.

■ **Demographic profile** - demographic segmentation is divide the market on variables such as age, race, religion, nationality, occupation, family size, income, social class and education.

Methodology

This research focuses on showing the effects of the real estate market in Thailand that currently has more Chinese customers and service marketing mix (7Ps). In addition, this study also collects data from Chinese customers who live Bangkok, Thailand (both by business and education purposes) used self - administered questionnaires will be distributed to Chinese customers who come to buy property in Bangkok, Thailand. As follows: Huai Khwang, Ekkamai, Jatujak, Sukhumvit, Sathon, Ratchathewi, Rama IX, Ratchadapisak. (At work time with permission from the respondents and supervisor) Data was analyzed using the following statistics:

Descriptive statistic – a data analysis to describe general information of the sample group presented in form of Frequency distribution table, Percentage, Mean, Standard Deviation and Pie Chart

Inferential statistics - Hypothesis testing, which has statistical analysis tools as follows:

Person's Chi-square was used to test the relationship between demographic profile and purchasing behavior.

Correlation analysis was used to test the relationship between service marketing mix (7P's) and purchasing behavior.

Result and Discussion

This study collect data from 100 respondents, over 70% of the respondents bought the property in Bangkok, Thailand only for investment, and them not stay at Bangkok, Thailand. 20% of the respondents bought the condominium for transfer they money to oversea and them not stay at Bangkok, Thailand. 3% of the respondents bought the condominium or town home for live while work or study at Bangkok,Thailand. And only 1% of the respondent bought the condominium for vacation.

To sum up, the finding revealed Chinese customers who come to bought the property in Bangkok, Thailand from different demographic profile such as gender, age, education level, income (monthly), and occupation are likely to be differed in purchasing behavior in "overall purchasing behavior of Chinese customers toward the property in Bangkok, Thailand.". It was also found that there is a significant relationship between service marketing mix (7Ps) and purchasing behavior. Most respondents strongly agreed that product, price place, physical evidence, people, process, and as well as promotion has an impact on buying the property and has a significant relationship with purchasing behavior.

This leads to development of conceptual framework of the study and the following hypothesis:

H1: There is a relationship between demographic profile and the purchasing behavior of Chinese customers toward the property in Bangkok, Thailand.

H2: There is a relationship between service marketing mix 7P's strategy and the purchasing behavior of Chinese customers toward the property in Bangkok, Thailand.

*Note: Partial support at significant level of 0.05

The researcher collected 100 questionnaires for reporting on Mean and Standard Deviations from level of agreement from Chinese customers who bought property in Bangkok, Thailand towards to Service Marketing Mix (7P's).

Table 1 Descriptive results of service marketing mix (7Ps) (n = 100)

Item	Mean	Std.	Level of Agreement
1. Product.			
1.1. Entrepreneurs/brands are reliable.	4.47	.62	Strongly agree
1.2. Entrepreneurs financial stable.	4.27	.81	Strongly agree
1.3. The building style loos modern or beautiful.	4.26	.66	Strongly agree
1.4. The size of the interior space is sufficient for living.	4.27	.68	Strongly agree
2. Price.			
2.1. The price were reasonable with the location.	4.57	.59	Strongly agree
2.2. The price were reasonable with the size of room and interior space.	4.59	.66	Strongly agree
2.3. The price of the property in Bangkok, Thailand. It's worth for investment.	4.59	.58	Strongly agree
2.4. The price of the property in Bangkok, Thailand. It's not good for investment.(Only for live or stay at vacation.)	3.81	.72	Agree
3. Place.			
3.1. Near work office or university.	4.37	.75	Strongly agree
3.2. Near the transportation such as MRT/BTS, bus station.	4.57	.61	Strongly agree
3.3. The environment were good and safety.	4.02	.63	Agree
4. Promotion.			
4.1. Sale up to 100,000/200,000 baht	4.22	.78	Strongly agree
4.2. Free down payment.	4.02	.82	Agree
4.3. Free electronic gadgets.	3.91	.85	Agree
4.4. The loan interest rate at that moment.(In the case of ask for a loan from bank.)	3.36	.80	Agree
4.5. Free gift/gift voucher.	-	-	-
4.6. Free conveyance fee.	-	-	-
5. People			
5.1. The seller/employees were helpful to give information about it.	4.36	.74	Strongly agree
5.2. The seller/employees were attentive to present it.	4.00	.59	Agree
5.3. The seller/employees gives good advice to me.	4.35	.67	Strongly agree

Item	Mean	Std.	Level of Agreement
5.4. The seller/employees were reliable to though that i will get a good service even when after sale out to me.	4.36	.69	Strongly agree
6. Process			
6.1. Not wait too long time when communicated with agent/seller/employees.	4.41	.65	Strongly agree
6.2. Wait too long time when communicated with agent/seller/employees.	-	-	-
6.3. Did the property title deed is not complicated.	4.03	.66	Agree
6.4. Did the property title deed is complicated.	4.00	.70	Agree
7. Physical evidence.			
7.1. Near MRT/BTS line	4.26	.66	Strongly agree
7.2. The maintenance (Fitness, Library, Swimming pool, Playground, Entertain room, Parking.) of the property were good.	3.33	.88	Feel neutral
7.3. The property it have fully furniture ready to move in.	3.85	.90	Agree
7.4. It have a good location for live while study/work or investment in Bangkok, Thailand.	4.50	.66	Strongly agree

From table 1 it was found that Independent factors with the highest level of agreement score top 3 are: 1. Price have 3 factors are The price of the property in Bangkok, Thailand. It's worth for investment (Mean 4.59: Strongly agreement), The price were reasonable with the size of room and interior space (Mean 4.59: Strongly agreement), The price were reasonable with the location (Mean 4.57: Strongly agreement.) and 2.Place have 1 factor are Near the transportation such as MRT/BTS, bus station (Mean 4.57: Strongly agreement), and 3. Physical evidence have 1 factor are it have a good location for live while study/work or investment in Bangkok, Thailand (Mean 4.50: Strongly agreement.

Implications of the study

Based on the study, the majority of the respondents were aged between 41 – 50 year old, business owner with graduated bachelor's degree and income more than $1000(monthly).

This results showed that Chinese customers who bought the property in Bangkok, Thailand. are older age population with and high income. Thus, to gain more purchasing behavior in Bangkok, Thailand is target older age population business owner.

The researcher had been inquired about that why the respondents more than 70% interesting to bought the condominium in Bangkok, Thailand for investments found that the reasons of the respondents bought it for investment because them said " Price of the property in Bangkok, Thailand were lower than my country and in the future i can make sure that i will get the benefit more than 4% per one room i already bought it now. So, it's must to be good for try to investments at oversea."

Limitations and recommendations to future study

There are been limitation in which the researcher encountered throughout the processes of research conduction. The limitation of the study still leave room for future study in the following areas:

1. This study collected data from 100 respondents in 8 areas in Bangkok, Thailand (Huai Khwang, Ekkamai, Jatujak, Sukhumvit, Sathon, Ratchathewi, Rama IX, Ratchadapisak). In order to have better and more reliable result, the data collection for future studies should cover more areas in another cities(Out of Bangkok) since there are have more areas will start or finish in the future soon.

2. Future studies may identify more nationalities such as including Thai nationality. This be also the big group type of customer's property industry in Thailand as well.

3. Future studies may explore other factors influencing purchasing behavior in

Thailand such as service quality, product quality so that the finding of future research can be uses as guidelines for many sectors in the property industry.

Bibliography

Avvo, S. (2016, Mar 8). Residential real estate. Retrieved from Smart Insight:
    https://www.avvo.com/what-is-residential-real-estate

Department of Lands. (2019). Thailand Land Legislation B.E. 2497(1954) section 97. title of
    the lands.Retrieved from http://www.dol.go.th/Pages/internet.aspx

Grimsley. (2014). Consumer buying behavior draws upon social science disciplines
    of anthropology, psychology, sociology, and economics.

Hawkins, D., Mothersbaugh, D. (2009). Consumer behavior: Building marketing strategy.
    New York, NY: McGraw-Hill.

Helgeson, J. G., Kluge, E. A., Mager, J., Taylor, C. (1984). Trends in consumer behavior
    literature: A content analysis. Journal of Consumer Research, 10, 449-454.

Julia. (2017).What is a Mortgage?. Financial Personal. Investopedia. Retrieved from
    https://www.investopedia.com/terms/m/mortgage.asp

Kotler, P. (2009). Buyer decision process. Consumer behavior, 265-271.

Kotlor, P. (2006). Examine consumer purchasing behavior using the 6Wand1H question:
    an Analysis of Consumer Behavior. Consumer behavior, 239.

Kotler, P.& Keller, K.(2006). Marketing management.(12th ed.). New Jersry:
    Pearson Prentice Hall.

McCarthy, J. (1960). Marketing mix 7P's model.

Quigley, J.M. (2001, January 17). Activities in the real estate markets in Southeast and
    East Asian. Real Estate and the Asian Crisis, University of California, Berkeley,
    California.

Rafiq, M. (1995). Marketing mix and the relationship between producers and intermediaries
    in goods and services marketing.

Real Estate Business Promotion Bureau.(2019). Thailand Condominium Act BE 2522 (1979).
    Condominium with the title of foreigners buyers. Retrieved from
    http://www.dol.go.th/estate/Pages/default.aspx

Sirirat (2005). What is the Yamane sample calculation?. Retried from Quora:
    https://www.quora.com/What-is-Yamae-sample-calculation

Smart Insight: http://www.china-invests.net/20181022/49345.aspx

Solomon, M. R. (2013). Consumer behavior: Buying, having, and being (10th ed.). Essex,
    England: Pearson Education

Udomsuk, K & Tiangsoongneun, L.(2018). Factors ASEAN Tourist behavior.

Wright, R. (2006). Consumer behaviour. London, England: Thomson Learning.