

CHAPTER ONE

INTRODUCTION

1.1 BACKGROUND

New residential projects are booming due to the increasing demand of consumers, which corresponds to the current economic, social and transportation network. The increasing price of oil pressures consumers to adjust their lifestyles. For many years, detached homes and townhouses were the most popular residence of city people; however, condominiums in the city are more popular for those who work around the business center area and cannot afford costly detached homes or townhouses. Such people prefer to live in condominiums near BTS (Bangkok Mass Transit) sky train or MRT (Mass Rapid Transit) subway in order to save the time and expenses caused by traffic conditions and petrol prices.

Condominiums are especially suitable for singles and new couples who have worked in the city and separated from parents because their lives are focused on their jobs and friends. Hence, they don't have much time for housekeeping; they need convenience and safety near their workplaces, shopping malls, and community amenities such as pubs and restaurants. Condominiums in the central area are, therefore, their solution.

Some couples with children in school have changed their lifestyles from staying in large houses in open areas in the suburbs to smaller condominiums in the city in order to be closer to their children's schools. In Bangkok, most famous schools are in the city, and many parents prefer to enhance their children's education, rather than having a larger house. After their sons and daughters leave school in the evening, they can go home by BTS or MRT. As a result, parents no longer need to hurry up to pick them up during rush hours and traffic jams in Bangkok.

Couples who are childless, or whose children are already grown, often work at the management level. Therefore they have high incomes and responsibilities; they often work late hours every day, performing tasks such as attending meetings and entertaining customers. Condominiums may be a second home for their working days; they can afford second homes because of their high purchasing power. Retired singles

may choose to live in condominiums rather than suburban houses to easily and conveniently contact their friends or relatives.

Many new condominium projects has opened in the first half of 2008. An estimated 10,682 units were built, counting only those in the Bangkok business area, Sukhumvit road, and Rama III road and around the Chaopraya riverside. This supply of units constituted 52% of the total supplies in 2007, which were 20,744 units (ไนท์แฟรงค์ชาร์เตอร์, 2551). Although macro factors such as economic recession caused consumers to be more economizing and careful about spending their money, people still demand new condominiums, which could be saleable estimated 80% of all units in January through June of 2008.

A real estate development survey conducted in June 2008 reflected the same characteristics as in previous months' surveys. The highest selling segment was condominiums, 3,176 units, approximately 53% of the total sold units. The second segment was townhouses, 1,421 units, approximately 24% of the total sold units. The third segment was houses, 900 units, approximately 15% of the total sold units. Based on this result, demand for condominiums, especially those along mass transit lines, has not slow down much due to high oil prices making living near mass transit more appealing. The total value of new real estate projects developed in June 2008 was 20.04 billion baht. The number of projects in the middle to semi-high price range increased dramatically, especially for 2-3 million baht and 3-5 million baht projects, which had sales at 2,661 units (45%) and 3,176 units (29%) respectively. There were 1,048 sold units, approximately 18% of total sold units for the projects less than 2 million baht which included 80 sold units, approximately 1% of the total sold units for projects fewer than 501,000 baht. (สยามธุรกิจ, 2551)

Hence, this researcher aimed at studying the factors driving the consumer's decision making on buying condominiums in Bangkok – specifically studying the attitude among people of different genders, marital status, and incomes.

1.2 STATEMENT OF THE PROBLEM

The research problems are as follows:

1.2.1 Main Problem

Among decision making factors - price, location, marketing and promotion, facilities, and trustworthiness of the company - which one influences consumers' behavior on buying condominiums in Bangkok the most and the least?

1.2.2 Sub Problem

Is there any relationship between consumers' behavior of buying a condominium in Bangkok and their demographic factors, i.e., gender, marital status and income?

1.3 OBJECTIVES OF THE STUDY

1.3.1 Main-Objective

To investigate the most and the least decision making factors - price, location, marketing and promotion, facilities, and trustworthiness of the company - influencing consumers' behavior on buying condominiums in Bangkok.

1.3.2 Sub-Objective

To find out the relationship between the consumers' behavior of buying a condominium and their demographic factors, i.e., gender, marital status and income.

1.4 VARIABLES AND DEFINITIONS

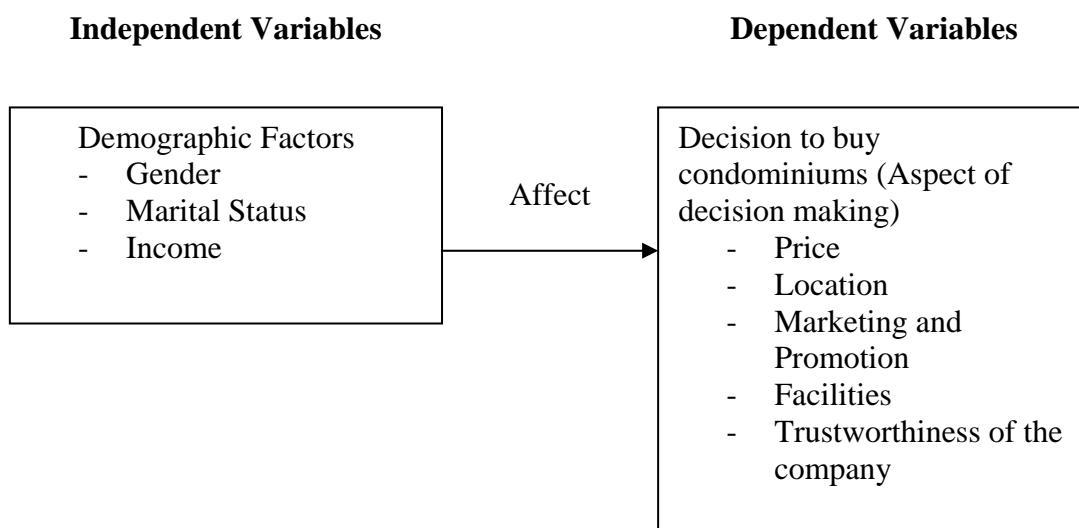
1.4.1 Variables

Independent Variables

The independent variables were the demographic factors, i.e., gender, marital status and monthly income since these were expected to affect consumers' decision making on buying condominiums.

Dependent Variables

The dependent variables were consumers' decision making.



1.4.2 Definitions

In order to understand the terms used in this study, their definitions are provided as follows:

1. Marital Status: status of marriage of people in Bangkok which fall into the following categories:

- Single
- Married
- Divorced/Separated
- Widowed

2. Income: monthly personal incomes which include salary, incentive, commission and others which fall into certain categories as follows:

- Low income means income less than 20,000 baht per month.
- Medium income means income ranging between 20,000-50,000 baht per month.
- High income means income more than 50,000 baht per month.

3. Decision making factors: factors influencing the consumer's behavior of buying a condominium, which in this study, focus on five aspects:

- Price
- Location

- Marketing and Promotion
- Facilities
- Trustworthiness of the company

1.4.3 Research Hypotheses

1. Women and men are not different in deciding to buy condominiums in Bangkok.
2. Single and married people are not different in deciding to buy condominiums in Bangkok.
3. People who have higher income and people who have lower income are not different in deciding to buy condominiums in Bangkok.

1.5 SCOPE OF THE STUDY

This research focuses on consumers' decision making on buying a condominium in Bangkok, among people of different genders, marital status and incomes. The research study excludes macro factors such as influences of economic slowdown, the skyrocketing of oil prices, high inflation, the increase of construction material costs, and the relationship between consumers' decision making and other demographic factors.

1.6 SIGNIFICANCE OF THE STUDY

The results of the research will be beneficial to many groups:

1.6.1 Condominium Sellers

Condominium sellers can utilize the results of this research for adjusting their marketing strategies to sell to potential customer groups who are interested in the condominium lifestyle. Also, they can keep their present valuable customers in the extremely competitive environment of the condominium business.

1.6.2 Other Researchers

Other researchers can conduct additional studies of condominium business in Thailand to explore new findings from this research. For example, subsequent research may study consumers' decision making to buy condominiums in

other areas as compared to Bangkok. Also, other factors such as loan interest rate and inflation can be studied to find out whether they have an impact on the decision maker.

1.7 ORGANIZATION OF THE STUDY

The study of factors affecting consumers' decision making on buying condominium among people of different genders, marital status and incomes is divided into five chapters.

Chapter one consists of the background, statement of the problem, objectives of the study, variables and definitions, scope of the study, significance of the study, and organization of the study.

Chapter two comprises the review of literature relevant to this study.

Chapter three describes the methodology of this study which includes a selection of the subjects, the materials, the procedures used in data collection, and the data analysis.

Chapter four presents the findings of the study derived from the survey.

Chapter five includes the discussions and conclusions of the findings, including recommendations.