



A STUDY ON MARKETING OF HOUSING FLATS IN COIMBATORE CITY – CUSTOMER PERSPECTIVE

Dr. M. Renuka Devi

Associate Professor, Department of Corporate Secretaryship, PSG College of Arts and Science, Coimbatore, Tamilnadu

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Abstract:

The basic needs of the mankind are food, clothing and shelter. Of these, housing/shelter is not only a basic need but it also provides a sustainable base for up gradation of the economic status and quality of life of the people. This study explains the preference of consumers towards housing flats, moreover, the effect in corporation performance based on consumer behavior and recognition of the quality of residential environment of housing flats. Residential environmental satisfaction is comprised of resident’s satisfaction, apartment building satisfaction, environmental satisfaction, societal satisfaction, relationship satisfaction and corporation performance. The idea of the flat is launched mainly with the objective to overcome the scarcity of land. Nowadays, the preference towards housing flats is developed in the society due to economical improvements and changing trends. Hence the study examines consumer’s attitude, preference, their views, ideas, needs and the criticisms about the housing flats.

Key Words: Housing Flats, Customer Preference, Corporation Performance & Satisfaction Level

Introduction:

A house is a dwelling unit that has living space with adequate privacy, which contains cooking, and sanitary facilities for the exclusive use of its occupants. A house can also be used partly as a shop, work place, or a place for business for any type of activities. In developed countries the top most executives bring their work home in their own briefcases and get it done in the home at night. Housing is a significant engine for growth and development of any economy. Safe, secure and affordable housing implies an increase in employment and educational opportunities for individuals and also enriches communities leading to a better quality of life and a better civil society. Thus, housing generally refers to the social problem of ensuring that members of society have a home to live in, whether this is a house, or some other kind of dwelling, lodging, or shelter. Housing in India varies greatly and reflects the socio-economic mix of its vast population. The need for the shelter for every individual is catered by proper dwelling place. India being a developing country, the population has moved from villages to urban cities for their growth and prosperity. Construction business in Coimbatore has observed a rapid growth both of residential and commercial sectors. Coimbatore is an industrial hub and also fastest developing tier -II cities of India. There is always a great demand for housing flats, which is sometimes is used as a corporate office too. There is a large chunk of younger population coming to settle in the neighborhoods of the city which has increased a chance of buying housing flats. The areas in Coimbatore also offer affordable housing flats as per the taste and preferences of the customers. Thus the builders have taken an advantage of existing situation and have concentrated more on housing flats.

Statement of the Problem:

Housing is one of the basic needs for every human being. Every individual will have a dream to own a house. The importance of house was universally accepted from the dawn of history. Even the Neolithic man has built durable habitation like pit dwellings, lake dwellings and beehive huts. However its need increased tremendously over decades. Primitive men sought some kind of protection against animals and natural calamities. With the development and advancement of civilization, the taste and preferences and utility of houses had a drastic change. People became particular about sanitation, environment, privacy, location etc. People became more conscious of better facilities and comfortable life style. With a high speed in population rate, there exists a space constraint which resulted in the evolution of housing flats. Nowadays demand for housing flats is considerably high. Housing flats are mostly preferred with higher end facilities along with safety measures. There are Varieties of flats offered by the builders as per the income level of customers. Customers are psychologically away from the tension of directly constructing their houses. Builders play a predominant role in developing the housing flats construction and try to satisfy the customers to utmost level. They construct flats giving priority to the cost, location and with basket of facilities. In this context, it became necessary to find the ideas, preferences and the purchase behavior towards housing flats. Hence a study of Marketing of Housing Flats is identified as the problem of the study.

Objective of the Study:

The following are the objectives framed for the study

- To study the ideas and preferences of customers towards housing flats.
- To study the purchase behavior of customers towards housing flats.
- To study the post purchase behavior of customers towards housing flats.
- To study the satisfaction level of customers of housing flats.

Methodology Used:

For purpose of the research the following methodology is used in this study

Area of the Study: Area of the study refers to Coimbatore city. Coimbatore city is popularly known as the Textile capital of south India or the Manchester of the south India. It is also becoming familiar for establishment of educational, hospital and software Park recently.

Sources of Data: The study has used primary data which is collected from 500 customers, who has purchased housing flats from different builders in the city. Questionnaires have been prepared for customers in such a way that they were able to give their opinions freely and frankly.

Sampling Design: For the purpose of the study, Convenient Random Sampling method has been administered among the respondents. The questionnaire is also validated using chrome back alpha. In this study the chrome back alpha ranges from 0.75 to 0.88, which is more than 0.6. Suggested by the researcher for a valid and reliable questionnaire

Tools for Analysis: The following tools are used in tune with the objectives of the study.

- Descriptive Analysis
- Diagrams And Graphs
- Chi-Square Analysis
- Average Rank Analysis
- Five Point Scaling Technique
- Average Score Analysis
- Analysis of Variance

All tests were carried out at five percentage (5%) level of significance.

Limitations of the Study: The study has been confined to Coimbatore city only.

Review of Literature:

Iacoviello and Neri (2010) in their study on “Housing Market Spill over’s: Evidence from an Estimated DSGE Model” adds a rich housing sector to a framework that is increasingly used in quantitative monetary policy analysis. Their paper develops and estimates a DSGE model of the housing market that captures two important features of housing: on the supply side, sectorial heterogeneity allows capturing the different trend and cyclical properties of housing prices and housing investment relative to other prices and to other forms of demand; on the demand side, collateral effects of housing prices on borrowing allow for spill over’s from the housing market to consumer spending.

Junxiao Liu and Kerry A (2011) in their study on “New Housing Supply and Residential Construction Costs in Australia” has stated that the supply of new housing in Australia has been experiencing a low increase rate since the 1990s in conjunction with an increasingly strong housing demand. On the contrary, residential construction costs across Australia’s states maintained dramatic increases simultaneously. Economic theory suggests that new housing supply is correlated to the costs of residential constructions. However, few empirical studies have focused on examining this relationship for Australian housing markets. To comprehensively investigate the relationship between the supply of new housing and residential construction costs a function for new housing supply considering the effects of regional heterogeneities is introduced in this study. By estimating a panel error correction model (ECM) applicable for quantifying the correlation with regional heterogeneities, this research identifies that a causal link and a strong correlation exist in between new housing supply and residential construction costs in Austral

Jonathan A. Wiley & David Wyman (2012) in their article “Key Factors Affecting Valuation for Senior Apartments” stated to study the value of senior apartments is estimated relative to traditional apartments in 34 US markets. In some markets, senior apartments transact at higher prices than predicted; in others, a discount. Market differences in the valuation of senior apartments are examined, and several attributes are found to have a significant impact and become capitalized into differential values for senior apartments including: the supply of apartments per senior resident, housing prices, market size, education, and life expectancy. Other variables appear to have no effect, including rent and income, suggesting that the price impact is symmetrical for senior and traditional apartments.

Thanos, Sotirios Bramley, Glen (2013) in their study on “Combination of government policies and market pressures in England” states that the due to a combination of government planning policies and market pressures in England in the period 2000–2008, there was an increase in the construction of flats and high-density developments and a decline in the construction of houses. In this paper, an analysis of the effects of these policy constraints is undertaken. Using hedonic pricing models, we test for a non-linear relationship between house prices and residential density in England. Consumers prefer houses over flats and detached properties over semi-detached and terraced (i.e. lower density suburban areas). However, both low-density, detached-dominant areas

and high-density, flat-dominant areas attracted a premium over medium density areas and the relative size of these price differences vary between different housing market areas. In cities outside London, we consistently see a convex relationship between price and density, whereas a concave relationship between price and density is consistently observed in London. This suggests a different form of relationship between density and house prices in large urban conurbation areas, compared to more typical provincial cities. The conclusions we draw are that in the correct context, high density may be viewed positively but a single planning policy is not appropriate and it should be tailored to suit local market needs.

Analysis and Interpretation:

Descriptive Analysis:

Problem Faced by the Customers: The table 1 describes various problem faced by the customers. The problem are classified as Air crack, Leakage in building, Electrical problem, Plumbing problem, Fading on paints, Low quality wood work, Improper lament of floors and Bathroom tiles and other problems.

Table 1: Problem faced by the customers

Type of the problem	Number of Respondents	Percentage
Air Crack	60	17.6
Leakage in Building	40	11.8
Electrical Problem	60	17.6
Plumbing Problem	90	26.5
Fading on Paints	45	13.2
Low Quality Wood Work	5	1.5
Improper Lament of Floors and Bathroom Tiles	20	5.9
Others	20	5.9
Total	340	100.0

The table 1 indicates that out of the total respondents taken for the study 90(26.5%) of the respondents faced plumbing problem, 60(17.6%) of the respondents faced air crack & electrical problem, 45(13.2%) of the respondents faced fading on paints, 40(11.8%) of the respondents faced leakage in building, 20(5.9%) of the respondents faced improper lament of floors and bathroom tiles and other problems and 5(1.5%) of the respondents faced low quality wood work. It is concluded that most (26.5%) of the respondents faced plumbing problem.

Average Score:

Table 2: Average Score – Personal Factors and the Level of Agreeability on the Various Factors relating to Advertisement of housing flats

Factors Personal Factors		F ₁	F ₂	F ₃	F ₄	F ₅	F ₆	F ₇
Gender	Male	4.22	3.69	3.97	3.75	3.43	3.45	3.66
	Female	4.14	3.6	3.8	3.94	3.63	3.46	3.54
Age Group	Below 20 Years	4	3.9	4	3.7	3.7	3.5	3.8
	20-40 Years	4.18	3.53	4.04	3.84	3.42	3.51	3.56
	40-60 Years	4.1	3.72	3.66	3.79	3.52	3.38	3.72
	60 Years & above	5	4.17	3.83	4	3.83	3.17	3.33
Educational level	No formal education	5	4	3.89	5	4	3.45	3.65
	School level	4.23	4	3.85	3.54	3.38	3.15	3.54
	College level	4.17	3.6	3.96	3.75	3.63	3.54	3.6
	Professional	4.17	3.57	3.94	3.97	3.43	3.4	3.63
	others	4.33	4	3	3.99	2.67	3.67	3.66
Occupational status	Agriculture	4	4	4	3.67	4.67	3.67	3.97
	Business/Professional	4.19	3.6	3.9	3.83	3.52	3.4	3.57
	Salaried	4.18	3.64	3.98	3.89	3.39	3.64	3.64
	Others	4.27	3.91	3.64	3.55	3.55	2.82	3.64
Marital status	Married	4.18	3.68	3.89	3.79	3.53	3.52	3.71
	Unmarried	4.21	3.63	3.95	3.87	3.45	3.34	3.47
Type of family	Joint family	4.19	3.68	3.78	3.73	3.19	3.32	3.81
	Nuclear family	4.19	3.65	3.98	3.87	3.68	3.52	3.51
Family monthly income (Rs)	Less than 20,000	4.18	3.73	3.91	3.73	3.55	3.18	3.91
	20,000 to 30,000	4.28	3.79	3.93	3.86	3.24	3.72	3.55
	30,000 to 40,000	4.28	3.52	3.72	3.62	3.48	3.17	3.66

	40,000 & above	4.03	3.65	4.06	4	3.74	3.55	3.54
Nature of housing	Own House	4.13	3.6	3.88	3.83	3.42	3.43	3.5
	Rented House	4.36	3.82	4	3.79	3.71	3.5	3.93

It is found from the table 2 that the respondents irrespective of their personal classifications have high level of agreeability towards “Advertisement of housing flats are clear and informative” followed by “Advertisements of housing flats are attractive and Advertisements creates an initiation to buy the property”, when compared to the other factors relating to advertisement of housing flats. It is concluded that majority of the respondents irrespective of their personal classifications have high level of agreeability towards “Advertisement of housing flats are clear and informative” when compared to other factors relating to advertisement of housing flats.

Chi Square:

Table 3: Chi Square Value - Personal Factors and Mode of Purchase

Personal Factors	Chi-Square Values	p Values	Significant / Not Significant
Gender	24.13	0	S
Age group	53.25	0	S
Educational level	34.75	0	S
Occupational status	94.62	0	S
Marital status	3.35	0.187	NS
Type of family	19.86	0	S
Family monthly income	26.66	0	S
Nature of Housing	1.75	0.416	NS

Note: S – Significant (p value ≤ 0.05) NS – Not Significant (p value > 0.05)

It is found from the table 3 that the hypothesis is rejected (Significant) in six cases and the hypothesis is accepted (Not significant) in two cases.

It is concluded that gender, age group, educational level, occupational status, type of family and family monthly income have significant influence on mode of purchase.

Analysis of Variance:

Table 4: Results of ANOVA - Personal Factors and the Level of Satisfaction on Portico Works for Housing Flats

Personal Factors	Source of variations	Sum of squares	Degrees of Freedom	Mean Sum of Squares	F values	p values	Significant / Not Significant
Gender	Between Groups	0.005	1	0.005	0.927	0.008	S
	Within Groups	292.945	498	0.588			
	Total	292.950	499				
Age group	Between Groups	5.112	3	1.704	2.937	0.033	S
	Within Groups	287.838	496	0.580			
	Total	292.950	499				
Educational Level	Between Groups	13.221	4	3.305	5.849	0.000	S
	Within Groups	279.729	495	0.565			
	Total	292.950	499				
Occupational Status	Between Groups	8.491	3	2.830	4.935	0.002	S
	Within Groups	284.459	496	0.574			
	Total	292.950	499				
Marital Status	Between Groups	0.866	1	0.866	1.476	0.225	NS
	Within Groups	292.084	498	.587			
	Total	292.950	499				
Type of Family	Between Groups	0.016	1	0.016	.027	0.871	NS
	Within Groups	292.934	498	0.588			
	Total	292.950	499				
Family Monthly Income (Rs)	Between Groups	4.644	3	1.548	2.663	0.047	S
	Within Groups	288.306	496	0.581			
	Total	292.950	499				
Nature of Housing	Between Groups	5.906	1	5.906	10.24	0.001	S
	Within Groups	287.044	498	0.576			
	Total	292.950	499				

Note S- significant (p value ≤ 0.05) NS- not significant (p value > 0.05)

It is found from the table 4 that the hypothesis is rejected (significant) in six cases and the hypothesis is accepted (not significant) in two cases.

It is concluded that gender, age group, educational level, occupational status, family monthly income and nature of housing have significant influence on portico works for the housing flats.

Findings:

- Most (26.5%) of the respondents faced plumbing problem.
- Majority of the respondents irrespective of their personal classifications have high level of agreeability towards “advertisement is clear and informative” when compared to other factors relating to advertisement of housing flats.
- Gender, Age group, Educational level, Occupational status, type of family and family monthly income have significant influence on mode of purchase.
- Gender, Age group, Educational level, Occupational status, family monthly income and nature of housing have significant influence on portico works for the housing flats.
- Majority of the respondents irrespective of their personal classifications have given top priority towards own house in the Strength factor of housing flats.

Suggestions:

Effective Advertisements: The advertisements play a vital role to make the product to reach the customers who are the ultimate users of the products. The advertisement on flats is very high in certain Medias such as TV, Newspaper and so on. But it is comparatively low in other sources particularly in salesmanship. Advertisement also must be effective in such a way that it should disclose all the features of the house and also various factors related to payments procedures. This in turn will help the customers to make decisions at the time of their purchase.

Concentration on Good Quality in Construction: Today people prefer flats because of less land space and also scar of flats in the centrally located places of the cities. Therefore it is essential that the customers prefer good quality flats with the necessary amenities. Therefore the builders should concentrate on better quality building aspects to reach the minds of customers. As it is a onetime investment for many customers, compromising in quality of construction will result in disappointment to the customers and that will not be good for the building business.

Fair Pricing for Flats: Since most of the respondents felt that the cost of construction is high and therefore they are not able to purchase flats as per their desire. The construction markets do not have a unique price system or prices that are all most similar between the construction companies. Though the price to the customers are on the basis of their brand many customers has opined that they are unable to afford. Therefore flats at nominal cost is the ever expectation of all customers who aspire for a good flat. Builders should concentrate on constructing flats at nominal cost.

Loan Arrangements: Most of the customers have opined that the loan provided by the banks do have many formalities and procedures. Sometimes the amount given by the banks are insufficient because they provide loan assistance only up to 80% of the total cost. It becomes difficult for customers for arranging the remaining 20% the amount and therefore 100% loan assistance will attract many customers for purchase of the house. Therefore banks along with the other housing financial institutions can concentrate on 100% loan assistance.

Conclusion:

Food, shelter and clothing are the basic need of every human being. Housing is an important activity which portrays the level of standard of living of an individual. Due to land scarcity, people slowly entered in to the concept of flat system. Nowadays, flats are very attractive with all facilities, even the individual villas and houses do not have. The flats were preferred mostly by middle class income groups, where the constructions of individuals' houses become a dream to them due to high construction costs. Moreover, flats are constructed at centrally located areas, where all people prefer it because of easy accessibility. It is constructed as per the taste and preference of the Customers. Construction Companies / Builders should take adequate steps to convert the desire of the customers in to reality with catering all their needs with reasonable piece. The suggestions given in the study also aim for quality in construction, providing competitive prices, proper amenities and facilities which will improve the customer relationship.

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