Family Decision-Making In Purchasing A Home: A Case Study In Kota Bharu, Kelantan

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Abstract

Households or families play an important role in residential real estate industry. To a great extent, their preferences and needs have a significant impact on both the demand and supply of this product. Hence an understanding of the behaviour and process of decision-making in families is significant in achieving the success of marketing real estate product. This paper seeks to examine the roles played by different family members and their influence at different stages of the decision-making process in purchasing a home. The paper concluded that the roles played by family members can be correlated to stages of family decision making.

Keywords: Decision-making process, family, preferences, behaviour.

Introduction

A family is defined as "a group of two or more persons related by blood, marriage or adoption, and residing together as a household" (Lawson *et al.* 1996). Consumer behaviour of the family is crucial to the marketers in real estate industry because it is considered as the decision-making and consumption unit to their products. Since the family decision-making plays an important role, the interaction between family members is likely to be more significant than those smaller groups, such as friends or colleagues (Solomon, 1999).

Several studies in family decision-making have examined the extent of influences exerted by family members and their influences at each stage of the decision-making process (see for examples Beatty and Talpade, 1994; Na *et al*, 1998; Lee and Marshall, 1998; Samsinar *et al*, 2004). A study by Davis and Rigaux (1974) suggested three (3) stages of family decision-making process; while Woodside and Motes (1979) argued that there are nine (9) stages in the process of decision-making of a family. Nevertheless, it has been argued that relatively little study has been carried out on family decision making in real estate decision. Deborah and Lee (2002) suggested a 5-stages model comprising problem recognition, product specification, information search, alternative evaluation and final choice in providing a platform of understanding of family decision making in the context of buying a home.

The question is whether the family decision-making in practice follows the conceptual structure of family decision-making outlined in the theory. What is the real decision-making process undergoing by families when they want to purchase a house? What are the key roles played by each family member? Who is the initiator? Who is the influencer, information gatherer, gatekeeper, decision maker or who is actually the purchaser?

This paper presents a study conducted via a questionnaire survey amongst the households in a densely populated area of Kota Bharu, Kelantan. The survey intends to examine the key role that influences the decision-making at different stages. For this purpose, the model developed by Deborah and Lee (2002) is adopted as the analytical framework for this study. This five (5) stages model is considered as appropriate as it covers all the important decision-making stages. Using too many stages is perceived to be cumbersome and may stifle the interview.

Kota Bharu is chosen as a case study area in an attempt to provide an insight into the real family decision making process in purchasing a home. Yin (1994) argued that the case study provides vicarious experience, in the form of 'full and thorough knowledge of the particular'. Case study is a particular method of qualitative research (Stake, 1995). Rather than using large samples and following a rigid protocol to examine a limited number of variables, case study methods involve an in-depth, longitudinal examination of a single instance or event: a case. They provide a systematic way of looking at events, collecting data, analysing information, and reporting the results. As a result the researcher may gain a sharpened understanding of why the instance happened as it did, and what might become important to look at more extensively in future research. Stake (1995) also commented that case study facilitates 'naturalistic generalisation', and thereby builds up the body of tacit knowledge on the basis of which people act. He stated that what is required in adopting a case study approach is not that they provide generalisations but rather describe the case study in a way that captures its unique features. Stake (1995) further concluded that a case study is a bounded system that exists independently of inquiry.

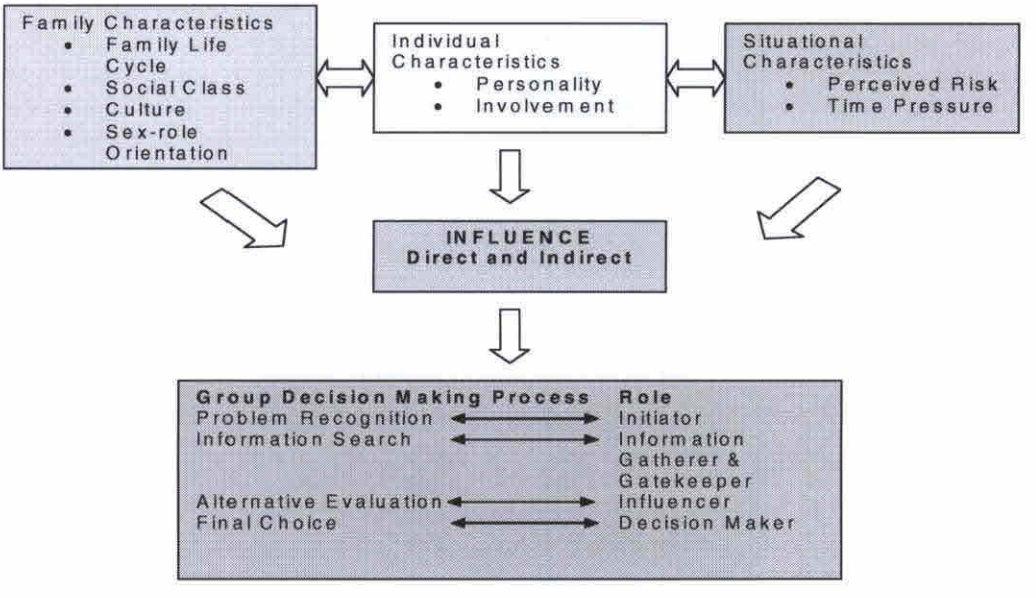
Hence, a case study had been carried out in this study in order to visualise the whole process of family decision making in purchasing as well as preparing to purchase house. Kota Bharu, the state capital of

Kelantan, which means 'new city' or 'new castle/fort' in Malay, is chosen as a case study for this purpose. Suffice it to claim that Kota Bharu provides several points of interest. It comprises the highest population in Kelantan of about 280,000 people which represent about 20 percent of the whole population of Kelantan (Department of Statistics, 2000). Majority of citizens in Kota Bharu are Malays, followed by Chinese, Indians, Siamese and other races. It is also a rapid growing town being the focal point for Kelantan's administration and business activities. Kelantan itself appealed as an interesting case study based on two key reasons. First, the fact that in general, the state is perceived as synonymous with "female-bread winner state" due to high percentage of women involved in business entrepreneurship compared to male. Second, Kelantan is the only state in Malaysia governed by an opposition political party, Parti Islam Semalaysia (PAS), and yet enjoys a very good relationship with the Federal Government. It is claimed that political environment and difference between the State and Federal Government is never a problem for investment. All policies concerning investment in Malaysia are determined by the Federal Government and the state government serves to facilitate and accommodate investors.

A framework of family decision-making in buying a home

There are indeed many factors that affect the family decision-making in buying a home. Deborah and Lee (2002) suggested three key factors which include family characteristics, individual characteristics as well as situational characteristics. These characteristics are related between each other and they either influence directly or indirectly to the decision-making process (see Figure 1 below). Nevertheless, the family characteristics play the most significant role among these characteristics. The family characteristics include family life cycle, social class and culture as well as sex-role orientation. These characteristics influence directly or indirectly on the group decision-making process.

Figure 1: Framework of Family Decision-making



Source: Deborah and Lee, 2002: 322.

In sum, this model comprises five (5) stages of family decision-making process further describe as follows:

a. problem recognition
b. product specification
c. information search
d. evaluation of alternatives, and
e. final choice

a. Problem Recognition

The problem recognition stage is when a member or members of a family recognised that there is a problem that warrants solution. For example, in the context of a house purchase, a couple expecting their third child's birth and may realise that they need more space since their current home has only two bedrooms. The wife could be the one who highlights the problem, as women generally is more sensitive toward the needs of her family in term of space requirement.

b. Product Specification

At this stage, property characteristics and descriptive of property characteristics or choice criteria is determined. Family members will for instance, identified the premier factor of their new home such as the location, what type of property as well as design of the property.

c. Information Search

This is the stage where the family begin to search for a house. In this case, one member of the household plays a greater role in searching for relevant information pertaining the house to be purchased. There could be several reasons for this. For example, the head of family may be more interested in real estate compared to others; hence he will be the person who seeks to find out details of available property in the market rather than the children or his partner.

d. Alternative Evaluation

At this stage, interested members of the family will jointly evaluate their views in order to make a final decision. For example, a couple may together assessed the different properties they have inspected. Each of them will have their own views and preferences. Thus, at this stage a form of conflict may stir up and be resolved through negotiation.

e. Final Choice

This is the last stage of the decision-making process when the family makes the final choice. At this stage the couple makes an offer to purchase the house they have both agreed on. Either the husband or wife could be a major influence at this stage.

Although a number of researchers assumed that the decision-making process occurs in a linear, step-by-step process, others (see for example, Gersick, 1988; Lee and Marshall, 1998) contested this assumption. Hence, the process can also be either non-linear, or proceed in iterative cycles.

In relation to this 5-stage of decision-making process, Assael (1987) suggested that the stages in the decision-making process are usually linked to the decision-making roles as illustrated by Table 1.

Table 1: Family Decision-making Roles and Stages

Roles	Tasks Carried Out in Stages of Decision-making Process
Initiator	Recognises the problem or need for an item
Influencer	Apply personal influence on other family members regarding a particular purchase situation
Information Gatherer	Assemble the information related to a possible purchase
Decision Maker	Has the authority to make the buying decision
Purchaser	Complete the purchase process

(Source: Adapted from Deborah and Lee, 2002)

Other writers have argued that role specialisation occurs in many family purchase decisions (Woodside and Motes, 1979; Pervan and Lee, 1998). For instance, husbands usually tend to specialise in instrumental roles, which means that he has the most influence in decisions which are related to the functional or economic aspects of the decision, for example: maintenance, finance, location and structure. Wives, on the other hand, tend to resume on expressive roles, which relate to the aesthetic and emotional needs of the family. Thus wives would have the most influence over decisions relating to colour and design, or flow of the house, or the needs of the children. Woodside and Motes (1979) agreed that there is a grey area of roles played by husbands and wives due to the changes in the roles and occupations of men and women in today's society.

To purchase or not to purchase?

The decision on whether to purchase or not to purchase also largely depend on the choice of housing available in the market. In contemporary rational choice theory, Elster (1986) commented that the choice situation is defined by three key elements. First, it refers to a set of all feasible courses of action. Second is the judgement about what courses of action will lead to what outcomes (relationship between means and ends) and finally the ranking of the feasible alternatives, where rational choice means the choice of highest-ranked element relative to the preference. Therefore, in choice situation individuals make a rational choice in the sense that they select the course of action that most probably leads them to meet the highest preference.

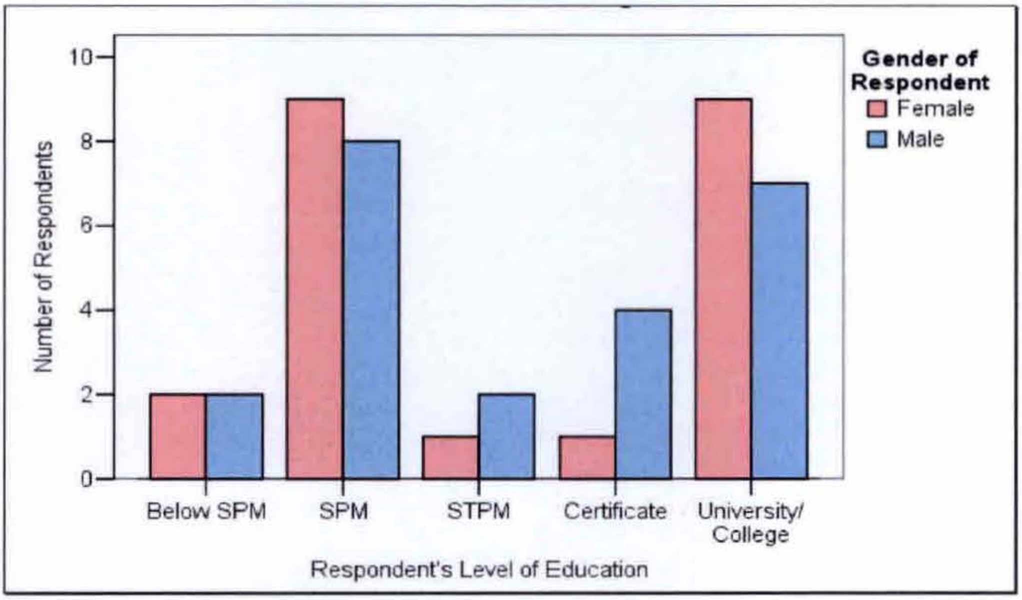
In economic research, Clark (1987) asserted that housing choice is most frequently viewed as a result of a rational decision making process, where individual evaluates perceived costs and benefits of one location versus another, and the cost of moving versus not moving. The decision to choose a particular house and to move is made when the benefits are regard to prevail over costs.

Against the above background, the next section of this paper will examine what is the real decision-making process experienced by families in purchasing a home. The key aim is to determine what are the key roles played by each member of the family in line with the family decision-making model discussed in the earlier section of this paper.

The case study

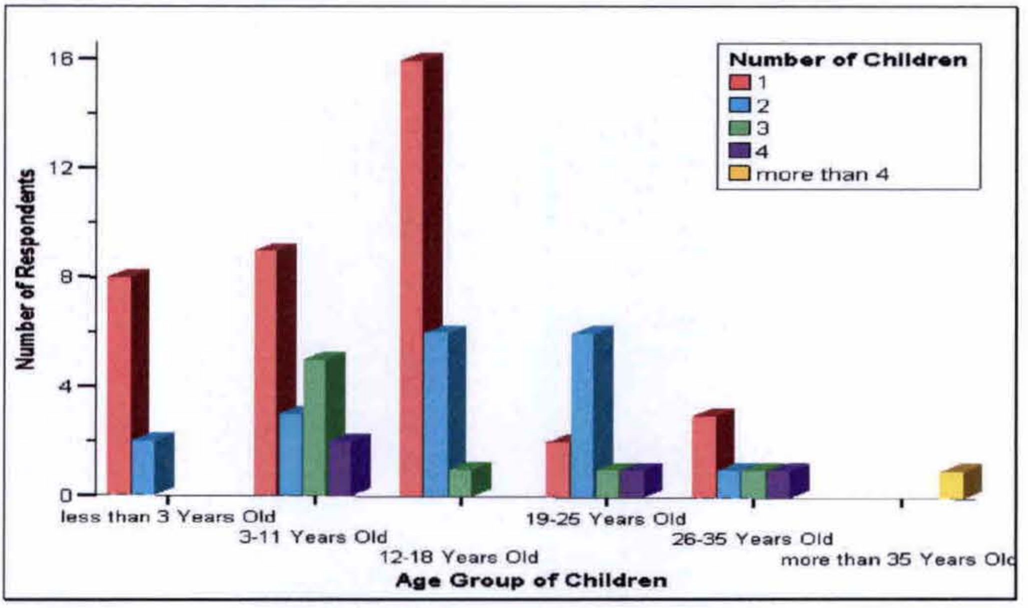
A total 45 face-to-face interviews was conducted in December 2005 using a structured questionnaire to examine the family decision making in purchasing a home. The outcome of the survey of these respondents selected at random shows an equal percentage of male and female. Gender is considered important in this study, as it is one of the factors that attribute to the process of family decision-making. Level of education and income of respondents are also considered as these two factors reflect the respondents' social class whether they are in the lower, middle or upper class. The findings show that the majority of the respondents are educated (see Figure 2) and earned less than RM5,000 per month.

Figure 2: Level of education of respondents



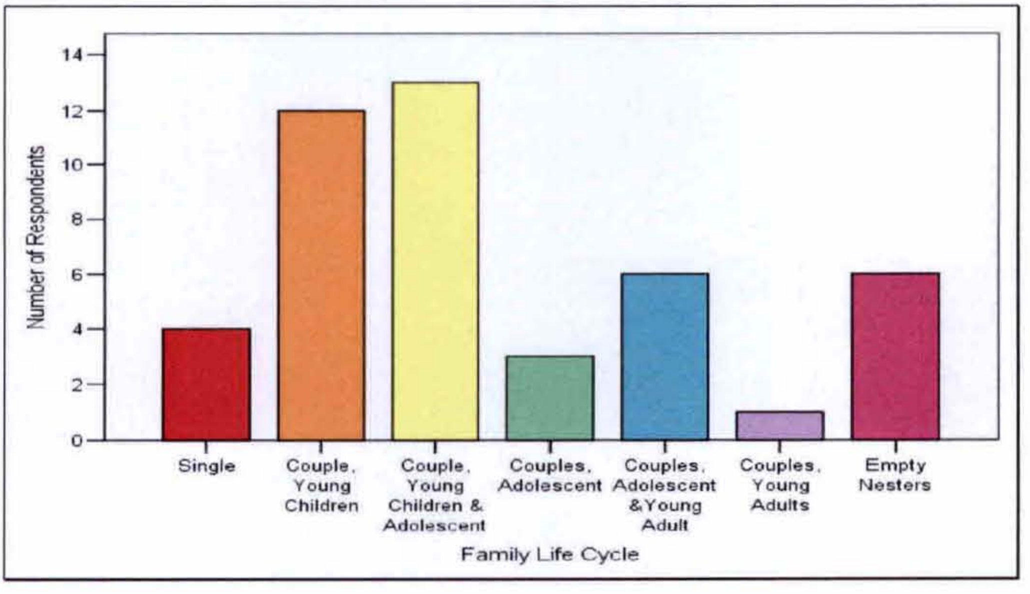
The respondents' family background is significant especially to group them in which family life cycle they belong to. Hence, prior to determining the stage of family life cycle, the group of children has to be first categorised. Figure 3 demonstrates the number of children in the respondents' families. The children are classified into four (4) groups, i.e., young children, adolescent, young adults and adults. Young children refer to children aged less than 11 years old; while those who were 12 to 18 years old are termed as adolescent. Children who aged from 19 to 25 are labelled as young adults whilst those in the age group above 26 are considered as adults. The groupings are important because it will influence the family life cycle which is considered as one of the key issues in this study.

Figure 3: Number of Children according to Age Group



After clustering the children into relevant group, family life cycle is then ascertained. Family life cycles comprise seven (7) stages as illustrated by Figure 4. The cycle is also one of the important variables as it may influence decision-making in purchasing a home. In this study, the phase of single (unmarried) is included as the decision-making of buyers who are single. In addition, the other factor that was considered is the empty nester which refers to couples with children aged above 25 years old.

Figure 4: Family Life Cycles



Discussion of the result

The findings indicate that at the problem recognition stage which is the first stage of family decision making in purchasing home, majority of the buyers initiated residential mobility when they sense that larger space is required to accommodate the increasing number of family members (see Table 2). The second key factor that triggers the respondents to move is the desire to move up the social ladder. Changes in individual's social status which indicates better affordability coupled with the aspiration to own a property rather than continuing to rent has to some extent illustrated these two factors are the second most important characteristic of decision-making by family in purchasing a home.

At this infancy stage, the type of roles played by the family members is perceived as another important element in family decision-making. Figure 5 presents the data on this issue. It illustrates that husbands frequently initiates the family decision–making to purchase a home rather than wives. In Kota Bharu which is famous for a notion that "women are the breadwinner of the family rather than men" this is indeed astounding. To a lesser extent, this demonstrates a clear distinction between feminine and masculine type roles where husbands dominated the problem recognition process as expressed by Green and Cunningham (1979).

Table 2: Reasons for Buying House

Reasons for Buying House	Responses of Buyers	
	N	Percent
Tired of Renting	10	17.5%
Larger Space	17	29.8%
Marriage	2	3.5%
Improvement in Social Status	10	17.5%
Investment	9	15.8%
Safety	3	5.3%
Others	6	10.5%
Total	**57**	**100.0%**

The second stage of decision-making process is product specification which is done by stakeholder or user. The finding shows that the roles of stakeholders in Kota Bharu are played by husbands and wives, and to a lesser extent, their children as well (see Figure 6). Together, they listed out the requirements such as location, purchase price and other criteria. Amongst the key factors specified is location near shopping centres, working place and mosque, depending on which stage of family life cycle they are in. Other than that, the purchase price must be in the range of their affordability level. Furthermore, the types of home they preferred are generally the one that is able to accommodate relevant space for each need.

Figure 5: The Initiator

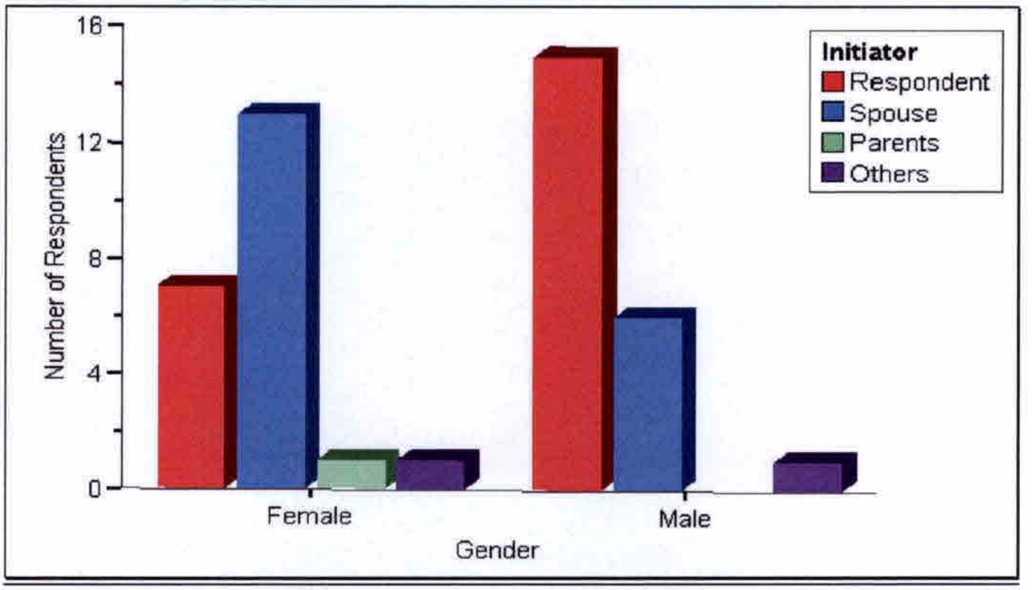
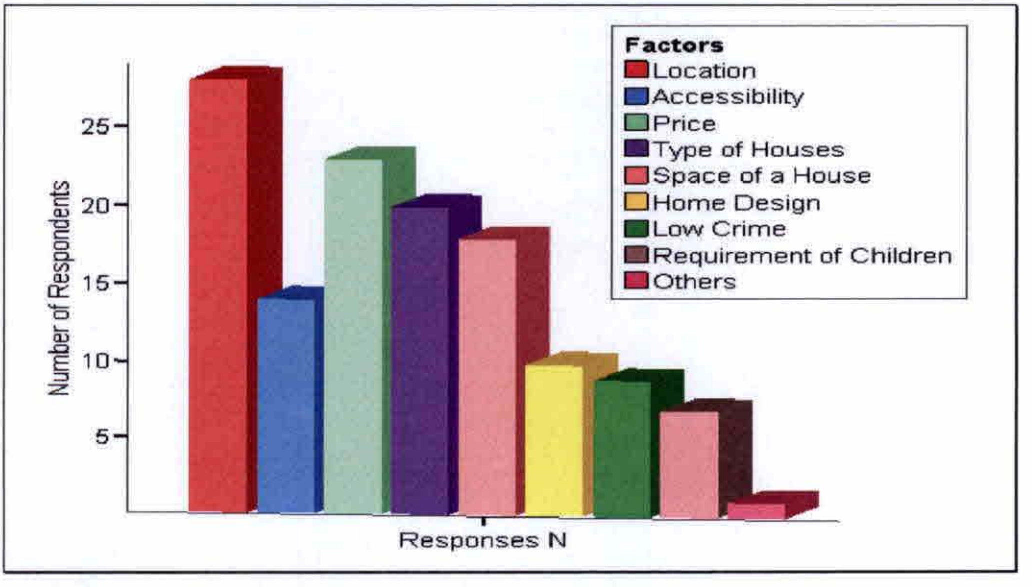
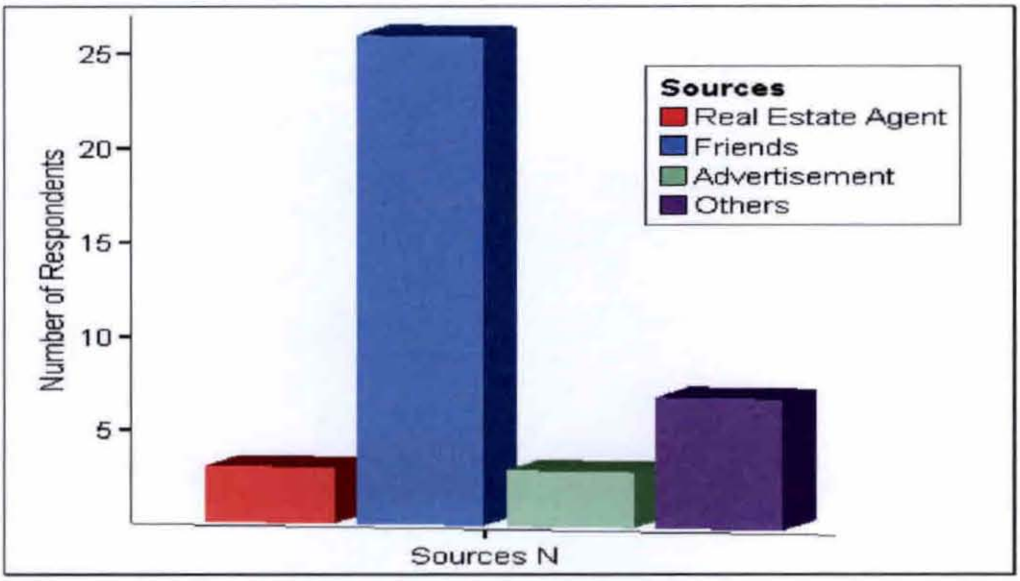


Figure 6: Factors Considered by Buyers



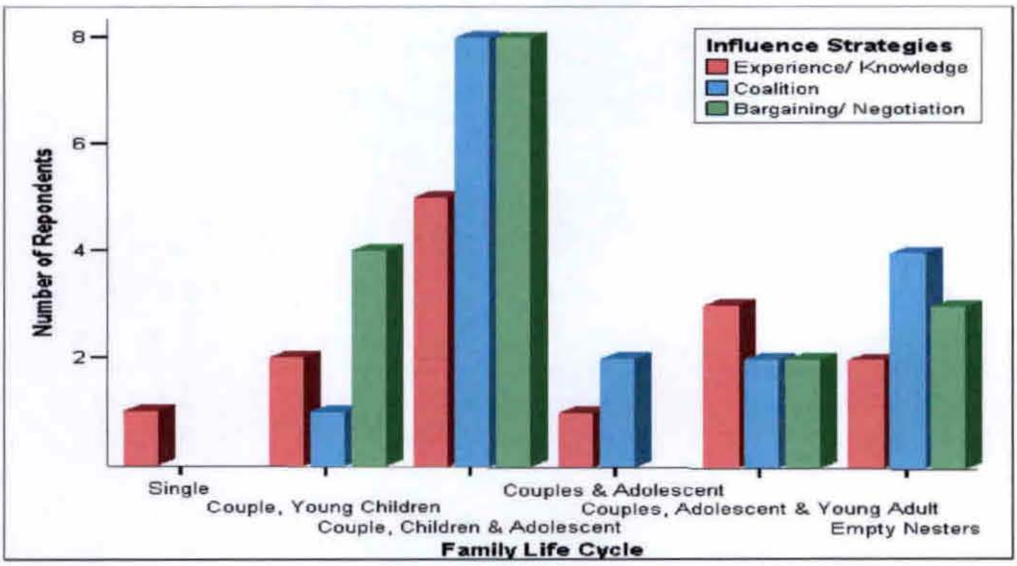
Eventually, once the family has settled on the main attributes of their search, information is gathered. The person that collects information to purchase is termed as information gatherer. The result in Figure 7 shows that a clear majority of respondents obtained information based on recommendation of friends rather than by professional real estate agents. Perhaps the close knit of communities in Kota Bharu explained this puzzle.

Figure 7: Sources of Information Sought by Buyers



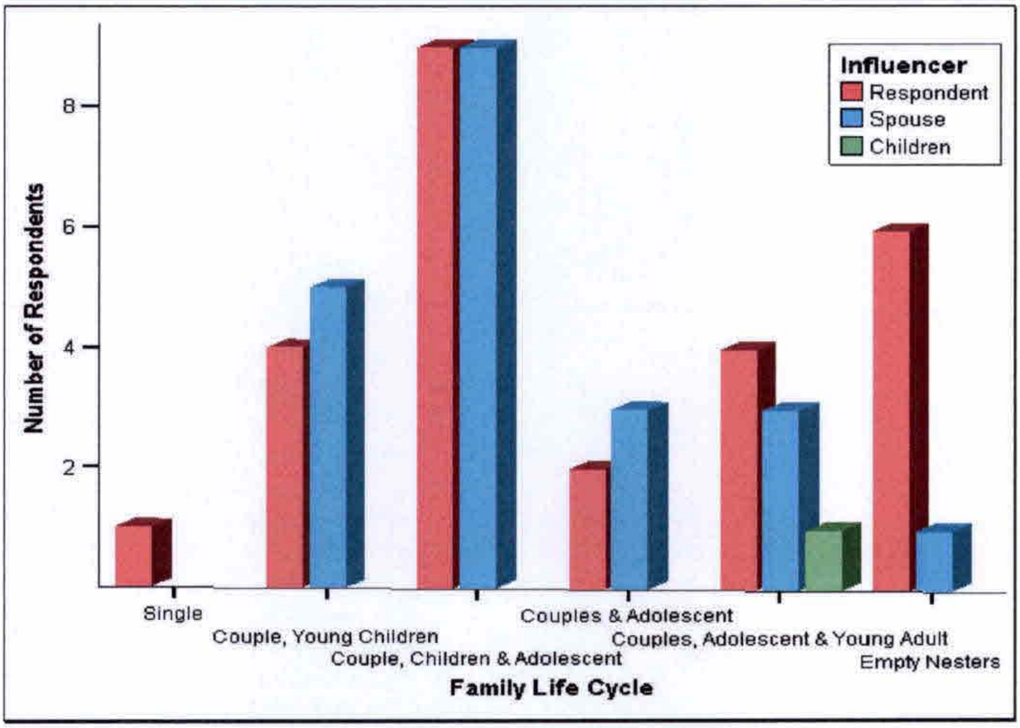
The following stage is alternative evaluation which involves inspection of alternatives properties before final decision is made to purchase a home. Our findings show that in general the influence of male members is dominant. To a lesser extent, wives and children do get involved at this stage. Various approaches of influence strategies are practiced to determine the house to purchase (see Figure 8). For instance, in the life cycle of couples with young children, the strategy being widely used is bargaining or negotiation. The couples negotiated to make a decision to purchase. They used coalition and negotiation strategies so that the other family members agreed to move.

Figure 8: Influence Strategies Used by Influencer According to Family Life Cycle



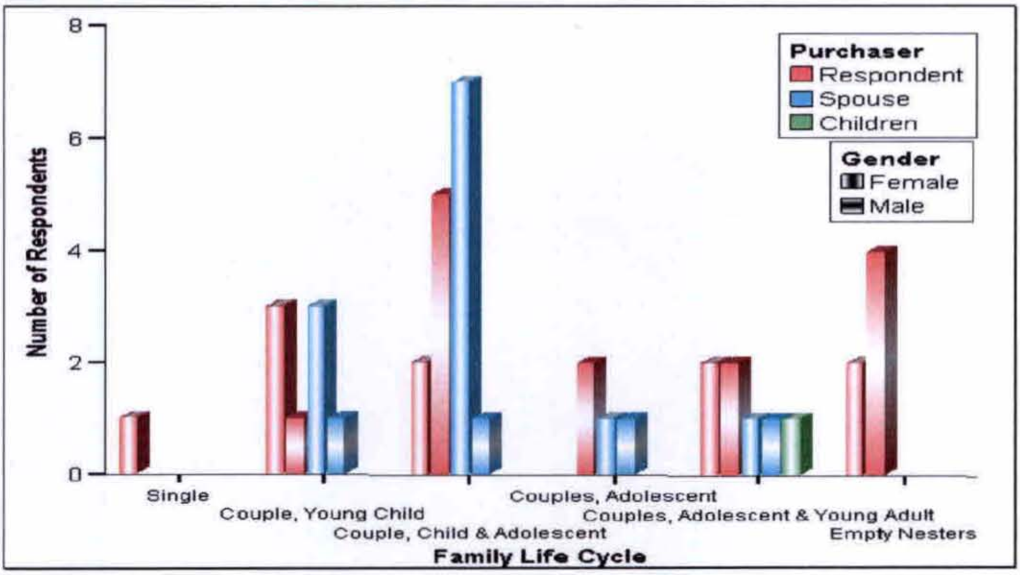
For the second, third and fourth stage of family life cycle, the influencing roles appears to be almost balance between husbands and wives, whereby the strategies are sharing experiences and coalition (see Figure 9). However, couples with adolescent did not apply negotiation techniques in influencing others. Instead, at this life cycle where young adults were involved, they tend to influence their parents in purchasing a home. In contrast, during the last stage of life cycle where the children left home, the role of husbands as influencer is evident.

Figure 9: Influencer According to Family Life Cycle



The last stage of the 5-stage family decision-making model is the final choice that involves negotiation of price, contract and the purchase of the property. The person involve in decision-making to purchase a home is termed as decision-maker while in negotiating, signing Sales and Purchase Agreement is known as purchaser. The findings illustrated that male respondents dominate (see Figure 10) this last stage of family decision making in purchasing a home.

Figure 10: Decision Makers According to Family Life Cycle



Conclusion

Decision-making in purchasing a home by families is indeed very complex. There are a variety of needs that may influence preferences for housing characteristics and individual decisions for purchasing a home. Yet not all decision-making are triggered by housing motives and with the aim of improving the housing situation or promotion in housing career. The findings of the empirical analysis indicate how the family decision-making practiced by respondents in Kota Bharu corresponds to the model postulated by Deborah and Lee (2002). To a certain degree, this model is important for any family making decisions to purchase a home. It implies that family pass through all the five (5) stages in every decision-making process to purchase a home. The buying process starts with problem recognition. At this stage, the family recognised a problem or need. This then forces them to decide the product specification which suggests that location and affordability criteria as the most influential determinants at this stage. Since purchasing a home is a high-involvement purchase, the decision to purchase is unlikely to be made there and then. Thus, the process of information search begins. Indeed, information can be obtained from several sources but this research suggests that the families in Kota Bharu, Kelantan value and respect personal sources more that commercial sources (the influence of 'word of mouth'). This raises a challenge to real estate agent in Kelantan in general. The fact that their expertise and professionalism in property industry were not acknowledged as the most influential sources pose a challenge. In the evaluation stage, the family must chose between the alternatives houses available. At the last stage where decision to purchase is made, it suggests that indeed, all the family members is involves in defining the specific product to purchase but the outcomes illustrates that it is the head of family who made the final decision to proceed with the necessary actions to successfully negotiate the purchase. Figure 11 summarised the outcome of this study.

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