

# **Motivation and Perception Factors Influence Buying Home Behaviour in Dilly, East Timor**

Connie Susilawati  
Fernando Baptista Anunu  
Petra Christian University  
Surabaya, Indonesia

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Demand of low cost housing increased from 1995 to 1997 which is shown by the number of housing loan approval. In order to develop the most suitable marketing plan, developer needs to know some factors which influenced to the decision making process of buying house. This research used a residential development in PT Delta Comoro Permai, Dilly as a case study.

A survey to homeowners has been done to evaluate the motivation and perception factors in buying home behaviour. The survey has been done on the 3<sup>rd</sup> August to 29<sup>th</sup> August 1998.

In this study, four main components have been examined. Physical and linkage are not as important as environment and utilities for the homebuyer. Moreover, the result is consistent with developer's motto 'clean, secure, aesthetic, healthy and prosperity'. This study provides further recommendation in the environment and utilities components for the new development in the future.

## **Introduction**

In 1998, East Timor has 14,874 square meters land area which occupied by 747,527 residents. The population growth rate was 3,02% (Anunu, 1999: 1). The above conditions created demand on proper housing with affordable cost. Demand of low cost housing increase from 1995 to 1997 which is shown by the number of housing loan approval.

Minister of Home Affairs, Minister of Public Works and Minister of State for People's Housing (1992) have written the guide of housing development with environment balance. In this guide, they have defined the low cost housing as houses which are built on the land between 54 to 200 square meters. The second criterion is the building cost per square meter will not above the highest standard for government housing of class C.

Low cost housing is a very competitive market. Therefore, a developer needs to notify the required facilities and access road to the location (Kartajaya, 1994). However, most developers only supply housing with very limited features for low-income people. Moreover, the quality of works usually is very poor in order to reduce the construction cost.

In order to win the market competition, a developer elaborates the most suitable marketing plan for the local market. Some factors which influenced to the decision-making process of buying house are needed to be determined. One of the leading developers in East Timor is PT Delta Comoro Permai who also has eight more business area. This research used a residential development in West Dilly as a case study.

### **Buying Behaviour**

Engel, Blackwell and Miniard (1995: 4) defined consumer behaviour as “those activities directly involved in obtaining, consuming, and disposing of products and service, including the decision processes that precede and follow these actions”. Moreover, Schiffman and Kanuk (1997) mentioned that consumer behaviour is “the behaviour that consumers display in searching for purchasing, using, evaluating and disposing of product, service and idea which they expect will satisfy their needs”. Therefore, knowing the factors which influence the buying behaviour could increase the sales volume.

The consumer behaviour is an important factor to indicate the decision making process in buying a house. Moreover, the buying behaviour is influenced by both internal and external factors. The internal factors comprised of motivation, perception, consumer resources, knowledge, attitudes, personality, values and lifestyle (Engel, Blackwell, and Miniard, 1995). Cultural background, social class, personal influence, reference group and situation also influence the decision-process behaviour. Reference group could be assembled into three components, that is family, friends and colleagues.

Kotler (1996:162) cited that buyer decision process passing through five stages, that is: (1) need recognition, (2) information search, (3) evaluation of alternatives, (4) purchase decision and (5) post purchase behaviour. This process starts with the buyer recognising a need which can be inspired by internal or external stimuli. In this case the need for buying a house.

The next stage is searching housing information from several sources. Kotler (1996) mentioned four groups of information sources, such as personal, commercial, public and experiential sources. The developer from the brochure, advertisement or the salespeople could supply the commercial and public information. On the other hand,

information from personal sources such as friends and family could be more convincing than the formal information from the developer.

Since East Timorist has different history and cultural background from other Indonesian region, their buying behaviour might not the same as other Indonesian. This study evaluated the consideration factors in buying their current house which was done after the information searching. The head of the family or others which could be influenced by other parties might do the purchase decision. Finally, the consumer satisfaction could be checked as the post purchase behaviour.

### **Case Study**

Kartajaya (1994) mentioned that housing area in strategic location with good access would attract buyer. Moreover, pleasant environment and good building quality will enhance the attraction of the project. For low cost housing, not only access road but also the availability of the public transport is the very essential facility.

A residential development has carried out by PT Delta Comoro Permai on 40 hectares land. Location is a key success of the development in the future. The major attractions for the consumers are the strategic location, accessibility and qualified product with good environment. Comoro in West Dilly is very close to the airport and have a very good access road. It has a very beautiful natural environment at riverside of Comoro village and the developer delineates environment friendly development. The theme of this project is BERTAISS which is abbreviated from 'bersih, tertib, aman, indah, sehat dan sejahtera (clean, discipline, safe, aesthetic, healthy and prosperity).

Developer provides shopping facilities and shop houses on the entrance road to the location. Other facilities are equipped in the development area, such as: place for worship, basketball field, access road, telephone network, water and electricity systems.

Developer offered three stages in the payment scheme that is booking fee, follows by down payment and remainder payment. The booking fee and the down payment could be paid by installment in five months. The consumers could pay cash or credit for the balance payment. Special discount (5% of the sales price) could be deducted for the cash payment. While the credit schemes follow the Bank regulation.

The developer produces brochures to attract the potential customers. The pricing strategy which is written in the brochure is shown in Table 1. However, most of them walk-in to the marketing office or friends' recommendation. Besides offering the products, the developer proposed to provide the utilities services, such as: water, electricity, telephone lines and rubbish area.

TABLE 1. Sales Price in 1997

| No. | House Type | Building Area<br>(square meters) | Land Area<br>(square meters) | Sales Price<br>(Rp.) |
|-----|------------|----------------------------------|------------------------------|----------------------|
| 1.  | Alamanda   | 21                               | 200                          | 21,560,000           |
| 2.  | Violtjes   | 27                               | 200                          | 29,975,000           |
| 3.  | Melati     | 36                               | 200                          | 33,550,000           |
| 4.  | Azalea     | 45                               | 200                          | 37,840,000           |
| 5.  | Aster      | 54                               | 200                          | 46,640,000           |
| 6.  | Lotus      | 70                               | 220                          | 77,000,000           |

Source: Anunu (1999: 38)

### Research Methodology

This study use simple random sampling to distribute one hundred questionnaires for the owners-occupiers. In 1998, developer has finished 795 units. Only 636 units were sold and the homebuyer occupies only 50%.

The survey was held between the 3<sup>rd</sup> August to 29<sup>th</sup> August 1998 when many demonstrations were organised in Dilly. Therefore, many people are afraid to be asked for many things. Many demonstrations and conflicts were happening in the time range of research.

Two analyses have been used for analysing this study, which is descriptive analysis, and gap analysis. Two hypotheses were evaluated with gap analysis.  $H_0$ : there is no different between perception and expectation.  $H_1$ : there is a different between perception and expectation. If we rejected  $H_0$  and there is a positive gap, the service which is provided by the developer have satisfied the consumers. On the other hand if the gap is negative, the consumers have not been satisfied yet. The second criteria is if we failed to reject  $H_0$ , it means that the service provided has satisfy the consumers' expectation.

### Results and recommendation

The first analysis showed the picture of the customer who filled the questionnaire. Most of them are married, between 26 to 40 years old, have one to four children and monthly expenses between 250,000 to 500,000 rupiahs. They work in public or private companies and have high qualification, such as: bachelor and high school education.

This study has find out the major sources of information, who is influenced to make buying decision and who is the decision-maker. Table 2 shows that friends and colleagues are the most important sources of information (45%). Although the wives have influenced the decision making process, the husbands are the main decision-makers (see Figure 1).

TABLE 2. Sources of Information

| Sources                 | Frequencies | Percentage | Cumulative percentage |
|-------------------------|-------------|------------|-----------------------|
| Brochure                | 19          | 19         | 19                    |
| Sales persons           | 16          | 16         | 35                    |
| Friends/ colleagues     | 45          | 45         | 80                    |
| Family                  | 6           | 6          | 86                    |
| Newspaper/ publications | 6           | 6          | 92                    |
| Others                  | 8           | 8          | 100                   |
|                         | 100         | 100        |                       |

Source: Anunu (1999: 44)

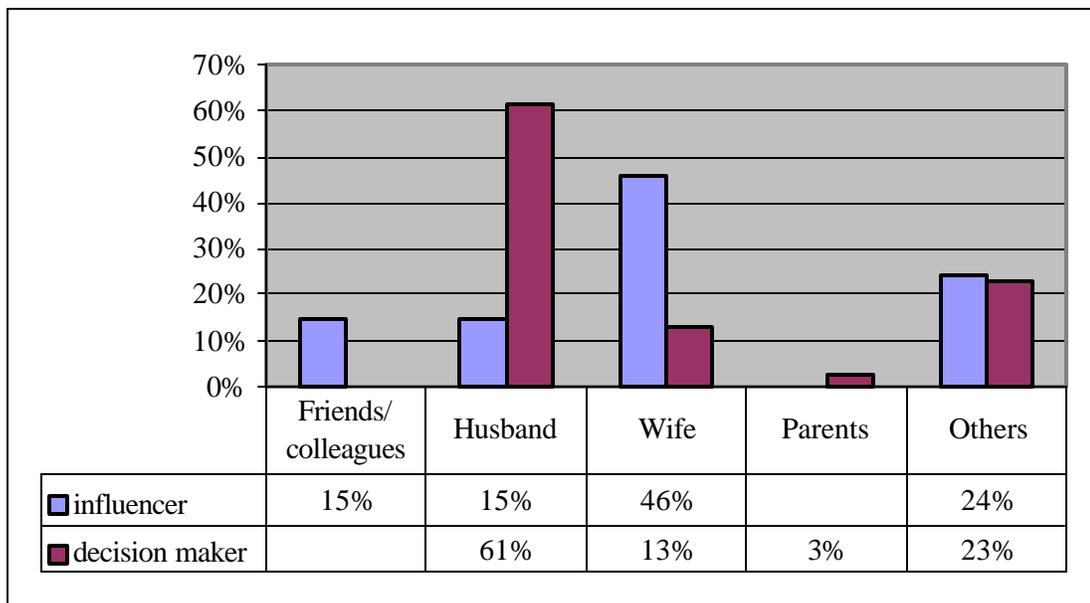


FIGURE 1. Decision maker and influencer

Each respondent has answered their perception and motivation or expectation of four main components, that is: physical, linkage, environment and utilities. Those four items consists of twenty-one variables, which are shown in the first column of Table 3. There are seven scale answers to be chosen by the respondent. The scale for the perception from (1) very unsatisfied to (7) very satisfied, while for the expectation from (1) very unimportant to (7) very important. After calculated the mean of both

perception and expectation, this study used t-test for paired samples to analysis the gap between perception and expectation for each variable. Table 3 summarised the results of mean and gap analysis.

TABLE 3 The results of mean and gap analysis

|                                 | perception | expectation | gap   | t-value | 2-tail sig |
|---------------------------------|------------|-------------|-------|---------|------------|
| a. Building quality             | 5.51       | 4.76        | 0.75  | 5.61    | 0          |
| b. Design                       | 5.24       | 4.85        | 0.39  | 2.85    | 0.005      |
| c. Price                        | 5.42       | 4.9         | 0.52  | 3.72    | 0          |
| d. Building area                | 5.34       | 5.02        | 0.32  | 1.97    | 0.052      |
| e. Land area                    | 5.63       | 5.32        | 0.31  | 2.67    | 0.009      |
| f. Affordable down payment      | 5.39       | 4.84        | 0.55  | 4.86    | 0          |
| g. Interest rate                | 5.02       | 4.52        | 0.5   | 3.38    | 0.001      |
| h. Payment period               | 5.29       | 5.01        | 0.28  | 1.85    | 0.067      |
| i. Clean                        | 6.32       | 5.71        | 0.61  | 6.55    | 0          |
| j. Safe                         | 6.37       | 5.62        | 0.75  | 6.79    | 0          |
| k. Aesthetic                    | 6.02       | 5.66        | 0.36  | 3.64    | 0          |
| l. Electricity                  | 6.49       | 6.16        | 0.33  | 3.46    | 0.001      |
| m. Water                        | 6.52       | 6.18        | 0.34  | 3.97    | 0          |
| n. Telephone                    | 5.49       | 4.52        | 0.97  | 5.17    | 0          |
| o. Linkage to the working place | 5.08       | 4.96        | 0.12  | 1.09    | 0.279      |
| p. Accessibility to the market  | 5.08       | 5.2         | -0.12 | -1.1    | 0.275      |
| q. Short distance to the school | 5.44       | 4.91        | 0.53  | 3.96    | 0          |
| r. Place for worship            | 5.44       | 4.45        | 0.99  | 4.97    | 0          |
| s. Sport facilities             | 4.86       | 4           | 0.86  | 4.88    | 0          |
| t. Investment                   | 4.69       | 4.43        | 0.26  | 1.57    | 0.119      |
| u. Public transport             | 5.23       | 4.12        | 1.11  | 6.32    | 0          |

The customers are satisfied with five variables which has mean above 6, that are: clean, safe and aesthetic environment, electricity and water facilities. The customers' expectation is higher than their perception for only one variable, that is: accessibility to the market.

There are five variables failed to reject the Hypothesis Null. Thus, there is no different between perception and expectation of the customers for building area, payment period, linkage to the working place, accessibility to the market and investment.

## Conclusion

The customers are very satisfied with the clean, safe and beautiful environment. It harmonises with the development theme, that is: 'BERTAISS' (clean, discipline, safe, aesthetic, healthy and prosperity). Thus, developer must keep up with the motto as an important selling point. Moreover, they are also satisfied with the electricity and the water facilities.

In conclusion, developer has reach a great success in encounter the customer expectation, especially the environment and utilities components. Physical and linkage components are not as important as environment and utilities for the homebuyer.

Moreover, the customers also expect to have better accessibility to the market which can be fulfilled by building mini market in the housing area. Furthermore, the occupiers of the housing are mainly young family and children. Consequently, the developer should build more facilities for the children such as playground and sport facilities.

The external factors which are excluded in this study have a very important roles in the buying behaviour. Recently these factors have changed and might affect this conclusion. The comparative advantage of this project is close to Comoro international airport as a very important facility. As an independent country, more foreigners, new government, and big growth in the region will come as new considerations in buying a house.

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