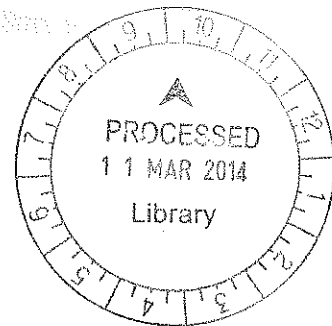


INTI INTERNATIONAL UNIVERSITY

MASTER OF BUSINESS ADMINISTRATION

A Study on Product Factors Affecting Purchase Intention of Properties in Beijing

FOR REFERENCE ONLY



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ABSTRACT

The property market of Beijing becomes more and more remarkable in the eyes of Chinese and the world people. As the capital of China and the first-tier city, a higher purchase demands exist in Beijing property market. With the improvement of people's living standards, they have desire to possess an own property or improve the living environment, it promote demands and requirements for housing quantity and quality are increasing. But the factors which affect purchase intention of properties are debatable. Therefore, the SOR model as a '*theoretical lens*' is used in this study as it allows the product factors influencing purchase intention which can help the author to build an researchable expansion model.

This research aims to find out the purchase intention of properties in Beijing. Based on the literature review that was available, a framework was developed and this research paper uses a quantitative method whereby 210 respondents were surveyed using questionnaires. The data was analyzed using the Statistical Package for Social Science (SPSS). The empirical results suggest that willingness to pay is a significant moderator between product factors and purchase intention. The findings also showed that product attributes will generate willingness to pay and further promoting purchase intention, then contributing to developers in designing properties in future.

Key Words: SOR model, Properties in Beijing, Purchase Intention.

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Zhang Lijuan
December, 2013

DECLARATION

I hereby declare that this thesis is a result of my effort only. The information used from secondary sources in this research paper was cited and referenced accordingly to the expected requirements.

Name: Zhang Lijuan

Date: 2nd Dec 2013

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List of Abbreviation

PM (2.5) : The Particulate Matter Smaller than 2.5 Micrometers

SPSS : Statistical Package for Social Science

GDP : Gross Domestic Product

CHAPTER 1

INTRODUCTION

1.1 Chapter Overview

This chapter as an introductory presents overview of the study: research background (Section 1.2); the problem statement (Section 1.3); followed by the research questions (Section 1.4) and research objectives (Section 1.5); the significance of this study is emphasized in Section 1.6 and its limitations showed in Section 1.7. Section 1.8 briefly introduces the scope of study. Operational definitions in this paper are explained in Section 1.9; followed with a summary of this chapter (Section 1.10).

1.2 Background

The real estate industry in China started to develop from 1980s. In 1998, the state stopped welfare housing policy and implemented the open policy on property trading, buy and sell, which enabled the real estate industry to boom in 1990s (Finance.ifeng,2008). Before this, real estate in China is a controlled item that is mostly arranged and allocated by the government as part of the citizen welfare policy. China began a "housing reform" in 1998 and in the same year, in order to overcome the Asian financial crisis's negative impact on China's economy, Chinese government promulgated a series of policies to stimulate domestic demand, among which included the financial policy to give out personal loans for people who would buy properties in China mainland (Guanya, 2013). Real estate industry in China started to develop fast in some developed cities including Beijing, Guangzhou and Shenzhen (Fung, Huang, LIU and Shen, 2006). Since then, the real estate market in China entered into the period of rapid development. As Chinese people's living standards improve and income increases day by day, people's demands and requirements for housing quantity and quality are increasing. Meanwhile, since the Chinese government has set

the real estate industry as a new economic growth indicator of national economy, the real estate industry in China has gone through an unprecedented development (Shen and Liu, 2004).

After the reform of open trading policy of real estate, especially in the past 10 years, the real estate industry has become a very important economic indicator and as one of the main drive of the national economy in China. It has reflected the improvement of the living standards and wealth of both the rural and urban residents in China (Finance.ifeng, 2008). After the new economic stimulus plan made by Chinese government in 2009, the real estate industry's role in promoting the economic development has been fully taken off. The annual commercial real estate sales in 2009 reached nearly 4.4 trillion, which was equivalent to 13.13 percents of the GDP of 2009, the investment into real estate development was nearly 3.6 trillion, which nearly accounted for 16% of the investment into fixed assets, the real estate consumption was equivalent to the 61.7% of the total sale in the society. The real estate industry accounts for 10% of the China GDP (Soufun, 2011). It is obvious that real estate industry has a big influence on national economy. And the annual sales in 2012 were presented by 6.4 trillion. The overall market showed a rapid growth trend, it shows that the real estate industry is an important leading industry which can grow capital and expand domestic demand in China (House.focus, 2010).

In order to ensure the property market develop healthily, the largest city and capital of China, Beijing has started its regulation in real estate market. The goal of the regulation in real estate market in Beijing is to maintain the stability of the housing supplies and prices (Estate.caijing, 2013). However, in terms of house price of Beijing in 1999, the average of the commercial housing is 5647 RMB/square meter, up by 144% in 2009, with an average price of 13,799 RMB/square meter. In June, 2013, the average housing price reached 23433