

# **INTI INTERNATIONAL UNIVERSITY**

## **MASTER OF BUSINESS ADMINISTRATION**

### **REAL ESTATE MARKETING USING WECHAT PLATFORM IN CHINA**

**Student Name: ZHANG JIAHUI**

**Identification Number: I15009022**

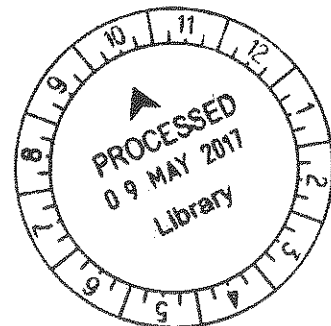
**Program: MBADI**

**Subject: MGT 7999 MBADI Project**

**Supervisor: Assoc. Prof. Dr. Lee Kar Ling**

**Submission Date: 16th December 2016**

**Final Word Count: 19,648 Words**



## STUDENT'S DECLARATION

I hereby declare that: I understand the meaning of "Plagiarism" and "Intellectual Property Rights" and Ethics Related to the Principles of Academic Works.

This dissertation is hereby acknowledged as my own work and I have duly acknowledged use of published and unpublished works of other people from the print, electronic and other media.

[ ZHANG JIAHUI/I15009022]

[Signature] \_\_\_\_\_ ZHANG JIAHUI \_\_\_\_\_ [Date] \_\_\_\_\_ 16 DEC 2016 \_\_\_\_\_

--

## ACKNOWLEDGEMENTS

[I should thank all those people who have helped in some way above and beyond their paid employment. Interviewees and organisation representatives who have helped you should be mentioned. Equally, it is polite to acknowledge library staffs that have been helpful in obtaining articles and inter library loans for you. It is customary to thank your supervisor for their efforts. Thank you again for my supervisor DR.Karling , for her help and guidance to me so that I can complete the thesis here, thank Dr.Karling ,Carlin busy in helping us to modify the thesis and guide us to write. I would also like to thank the second supervisor DR.Ruben, To my guidance and help]

## ABSTRACT

Recently, WeChat has become a very popular platform as Social Network Site (SNS). The purpose of the study is to investigate the relationship of the real estate marketing by using WeChat platform in China. There is the limited literature review in English based since most of the research is in Chinese based which regards towards the WeChat platform.

Mass media, income and attitude will be the independent variables that used to discuss in this research. Through these three independent variables, the researchers will study is there any relationship between the IV and the willingness of the people to purchase the housing through the WeChat platform.

The research methodology is used correlation which is a quantitative survey to study the relationship among the IV and DV. The non-probability convenience sampling method will be conducted during the distribution of the questionnaires. Income may have the highest influence towards the real estate marketing when using WeChat platform in China.

**Key words:** China , WeChat platform , Real estate marketing

## TABLE OF CONTENTS

Acknowledgements .....	3
Abstract .....	4
TABLE OF CONTENTS .....	5
List of Tables .....	8
List of Figures .....	9
1.Introduction .....	10
1.1.Introduction .....	10
1.2.Problem Statement .....	12
1.3.Research Objectives .....	13
1.4.Research Questions .....	14
1.5.Significance of the Research .....	14
1.5.1.Significance to Academe .....	14
1.5.2.Significance to Industry .....	14
1.5.3.Significance to Society .....	15
1.6.Scope of the Research .....	16
1.7.Limitations of the Research .....	16
1.8.Operational Definitions .....	16
1.9.Organization of Chapters .....	17
2.Literature Review .....	19
2.1.Overview .....	19
2.2.The Broader Concepts/ DVs/ Focus of Study/ Phenomenon under study etc. ....	20
WeChat Platform in China .....	21
2.3.Specific Concepts/ IVs/ manipulated factor/ process details etc. ....	22
2.4.Theoretical/ Conceptual/ Research Framework .....	29
2.5.Hypotheses .....	30
2.6.Conclusion .....	31
3.Methodology .....	32
3.1.Overview .....	32
3.2.Research Design .....	32
3.3.Unit of Analysis .....	34
3.4.Sampling Design/ Interviewees/ Subjects' selection .....	34
3.5.Data Collection Methodology/ company background/ Interviewees' profile/ Subjects' profile etc. ....	34
3.6.Analysis Methodology (SPSS for Correlation design + experimental design; MAXQDA/ NVIVO for qualitative studies) .....	35
3.7.Ethical Consideration .....	39
3.8 .Pilot Test .....	40

3.9. Conclusion .....	41
4. RESEARCH FINDINGS .....	42
4.1. Overview .....	42
4.2. Descriptive Statistics (Demographic Characteristics).....	42
4.3. Results of Preliminary Data Analysis .....	46
4.4. Results of Hypothesis Testing.....	48
1. Mass Media .....	48
2. Income .....	49
3. Attitude .....	50
4. Willingness (The willingness of the customer purchase housing through WeChat platform) .....	51
4.5. Summary of Findings.....	64
4.6. Chapter Summary .....	67
5. CONCLUSION AND RECOMMENDATIONS .....	68
5.1. Chapter Overview .....	68
5.2. Discussion of Findings.....	68
5.3. Limitations .....	71
5.4. Contribution .....	72
5.4.1. Contribution to Literature .....	72
5.4.2. Contribution to Industry .....	73
5.4.3. Contribution to Community .....	73
5.5. Recommendations.....	73
5.6. Future Research.....	74
5.7. Conclusion .....	74
5.8. Personal Reflection .....	75
References .....	77
A. Initial Research Proposal .....	90
APPENDICES .....	90
A: Initial Research Proposal of Project (IRPP).....	90
B.Ethics Confirmation and Notification .....	116
C.Qeuestionnaire .....	120
D.MBA Project Log.....	127
E.Turnitin results.....	133
F.others.....	134
1.1 Reliability test data.....	135
1.2 Hypothesis test data.....	135
1.3 Factor analyze result test data .....	136
2.0 384samples basic information.....	136

3.0 384samples basic information.....	138
3.1 Income.....	139
3.2 Attitude.....	140
3.2 willingness.....	141
4.0 Reliability .....	142
5.0 Hypothesis test .....	145
6.0 Multiple regression.....	145

## LIST OF TABLES

Table 1: KMO value. Source From: Hair et al. (2010).....	37
Table 2 Pearson Correlation R value.Source From: Hussey and Hussey (1997). .	38
Table 3: Pilot Testing .....	40
Table 4: Statistics for Demographic Analysis .....	42
Table 5: Gender of Respondents.....	43
Table 6: Age of Respondents .....	43
Table 7: Height Education Level & Work Experience of Respondents .....	44
Table 8: Summary of Descriptive Analysis .....	45
Table 9: Factor Analysis Test.....	46
Table 10: Factor Analysis Result of Mass Media .....	48
Table 11: Factor Analysis of Income .....	49
Table 12: KMO and Bartlett's Test .....	50
Table 13: Factor Analysis of Willingness .....	51
Table 14: Factor Analysis .....	52
Table 15: Reliability Analysis .....	53
Table 16: Reliability Analysis .....	54
Table 17: Reliability Analysis .....	55
Table 18: Reliability Analysis .....	56
Table 19: Summary of Reliability Analysis.....	57
Table 20: ANOVA .....	58
Table 21: Model Summary .....	59
Table 22: ANOVA .....	61
Table 23: Coefficients.....	62
Table 24: Hypotheses Results.....	65
Table 1: KMO value. Source From: Hair et al. (2010).....	111
Table 2 Pearson Correlation R value.Source From: Hussey and Hussey (1997). .	112
Table 3: Pilot Testing .....	114



## LIST OF FIGURES

Figure1:The property's price trend.....	24
Figure 2: Real estate prices higher than income .....	25
Figure 3: Framework.....	30
Figure 4: Framework of Research Design (Source: Sekaran and Bourgie (2013)) ...	32
Figure1:The property's price trend.....	99
Figure 2: Real estate prices higher than income .....	100
Figure 3: Framework.....	105
Figure 4: Framework of Research Design (Source: Sekaran and Bourgie (2013)) ...	107

In chapter 1, the background states the usage of WeChat platform and the real estate industry in China. The problem statement identified relates certain disadvantages towards marketing of the real estate industry in China. Hence, three factors including mass media, income and attitude is the independent variable and real estate marketing using WeChat platform in China is the dependent variable. For the significance of study, it is deemed that there is transformation of buying procedures and impact on income and employment levels towards academic and the industry. For society or community, there is reliant on social platform. As the research is done only in China, the major limitation is that this research cannot represent all countries throughout the world and can only be accurate if used in China.

### **1.1.Introduction**

The usage of WeChat platform within the marketing of real estate as well as factors that affects it is explained in this chapter. At the same time, it also provides the reasons to identify the most crucial factors that would affect marketing of real estate with the usage of Wechat platform within China. That would be the study's problem statement. On top of that, the study's limitation, research assumption, research significance, research objectives, and also research questions were described within this chapter.

#### The Real Estate Industry in China

Having one of the world's largest population, real estate industry in China is booming in the recent years due to high demand from residences in the country (Zhao, 2009). As the country is on a massive development, more people are moving to cities for job opportunities. Young people left their natives in rural areas and set new roots in urban cities for better livings. As the country is on a massive development, more people are moving to cities for job opportunities and young people left their natives in rural areas and set new roots in urban cities for better livings (Chen, 2010). The real estate industry in China does not only cater the demand for local residences, but also overseas expatriates as a result from the booming country development in global businesses (Qiulin, 2015). Shanghai had become a world class business center that attracts businessmen around the world, followed by Beijing. One of the significant real estate landmark in Shanghai is the Shanghai World Financial Center, which is

a supertall skyscraper carrying various businesses such as offices, hotels, observation decks, conference rooms, suites, and shopping mall (Du & Chen, 2013).

China has an obvious growing interest in real estate, wealthy buyers tend to invest in bricks and motars as the development in China is expected to keep growing for few more decades (Du & Chen, 2013). As reported in Bloomberg news, the price of new homes in Shanghai has an average growth of 10% in just past two months, from 42,300 yuan (\$6,470) to 47,000 yuan per square meter, as demand remains robust with supplies going fast, according to data from real estate information platform anjuke.com (Zhang et al, 2010).

In China, real estate is typically important as it acts the biggest part of people's national wealth and they are well affected by the tradional concept of 'set up home before establish business' (Shen et al., 2016). Besides, the agent-based system in China had been adopted for a long time as it is important tools to promote real estate industry as it will fluctuate the overall economic situation of China (Ma, Zhenjiang & Kawakami, 2013). According to Kostoff, Boylan and Simons (2004), disruptive technologies had promoted growth in the industries where it penetrated and created entirely new industries by the introduction of products and services which is dramatically cheaper, better, and more convenient.

The emergence of Wechat in China had provided an alternative to dealing business for people and it had become one of type of e-business form for China's businessmen (Chinabgao, 2015). Wechat business had integrate the traditional business method and social networking communication into a new plaform for people to carry out marketing and building relationship with their customers (Yang, Chen & Li, 2016). Therefore, Zhang, Zhu and Ye, (2016) had stated that real estate industry have the potential to operate online as the finding from 2009 to 2013 shown that there is a relationship between thee growth rate of commercial property sales and the vacancy rate of commercial properties as well as the growth of e-commerce.

#### The WeChat Platform in China

WeChat, also known as weChat in China, is the most popular chatting app in the country. It has 1.1billion of registered accounts and 650million of active users from around the world (Zhang et al, 2010). Among these numbers, only 100million users are of outside China while the remaining are China registered users, especially in Tier 1 cities like Shanghai and Beijing,

almost 93% of the population has an active account in the platform (Jarrett & Sun, 2010). The purpose of the app is not only for chatting, but it also allows users to share moments of pictures, short videos, notes, status, or short passages on their personal page which hence attracted many business oriented users to do advertising and marketing on the platform (Zhao, 2009).

On average, WeChat has 570million users who are active on the platform on daily basis. (Chen, 2010). According to statistics, Chinese adults spend an average of 1 hour on WeChat on daily basis, and the percentage of WeChat users who purchase products online through the platform is as high as 83% (Wang & Lv, 2013). As can be seen, the Chinese market is a full potential market for real estate marketing if the correct approaches and tools are brings adopted aiming at the right group of potential buyers.

The Blend of Real Estate Industry into the Popular Chatting App WeChat (WeiXin) Platform not only has the real estate industry, many other businesses also seen the potentiality of WeChat platform as a strategic marketing tool to reach the large population at once (Qiulin, 2015). Besides, it is definitely one of the most economical way to do mass marketing as WeChat registration is free, therefore, many individual agents use this approach to reach their potential clients and spread their network from there (Chen, 2010).

## **1.2.Problem Statement**

WeChat has launched its first API to official accounts and a few more to some of the selected partners, and industry people began to discuss and talk about whether the app will eventually become a platform like Facebook that can accommodates different kinds of applications (Qiulin, 2015). Official accounts are allowed to send rich-media messages to followers and offered a dashboard with basic analytics metrics. Some developers built HTML5- powered features so that their official WeChat accounts could function like real apps (Phan, 2003). Even though the WeChat platform is a powerful, popular and convenient instant among the Chinese, there are some drawbacks of using the app for business especially for marketing purposes.

Ji and Wang (2015) found that some problems of using WeChat as platform to promote business, for instance, unlimited Moments advertisements and overdraft credit, business

owners sending advertisements on WeChat Moments frequently which causes consumers lose interest for reading Moments messages, and business owners just focus on the profits instead of providing valuable products and services. Meanwhile, Fang, Zhi and Zhang (2013) also mentioned that customers are disgusted with unlimited WeChat advertisements and well-known reputations business owners have dominated all channels as well as it is lack of professional practical training for using WeChat as platform to operate business. Besides, another drawback is does not exist any WeChat regulation system to evaluate the service of provided thought WeChat and punish those violation regulation of WeChat business owners (Wang, 2015).

Therefore, the purpose of my study is to identify the effectiveness and usefulness of using WeChat as the platform to carry out real estate marketing. Moreover, this research also like to study on the factor which influence the willingness of customers for purchasing real estate through WeChat platform in China

### **1.3. Research Objectives**

According to Farrugia, Bhandari, Petrisor and Farrokhyar (2010), research objective is focused on reason why the particular study have been done and a good research paper must have clear and detail research objective in order to express the explicit understanding of the study. Thus, the research objectives of this research paper are shown as follow:

1. To determine if the three factors (mass media, income, attitude) have influence on real estate marketing when using the WeChat platform in China
2. To determine if income have the highest influence towards real estate marketing when using the WeChat platform in China
3. To determine if government policy has a moderating influence on real estate marketing when using WeChat platform in China

## **1.4. Research Questions**

According to Farrugia, Bhandari, Petrisor and Farrokhyar (2010), research question helps to structure and give a clear direction to the study where the data can be collected and analysed in order to achieve the research objectives. Thus, it should be formulated after research objectives in order to aligned and consistent with the research objectives. The following are the research question for this study:

1. Will the three factors (mass media, income, and attitude) have influence on real estate marketing when using WeChat platform in China?
2. Will income have the highest influence towards real estate marketing when using Wechat platform in China?
3. Does government policy has a moderating influence on real estate marketing when using WeChat platform in China?

## **1.5. Significance of the Research**

### **1.5.1. Significance to Academe**

Few years back, the real estate industry in China became a hot topic in news due to the crisis in this industry. Consequently, developers and property agencies try to optimize their activities and services in the highly intensive Chinese market (Qiulin, 2015). The internet became an excellent vehicle in creating and capturing value in which it leads to a tremendous impact on the industry (Shen et al., 2016). The utilization of the internet in the real estate industry facilitates the transactions between the different entities and the transparency of real estate activities has been improved (Du & Chen, 2013). Many potential property buyers have used online sites to search real estate listings and keep track of the property market utilizing all available online resources (Baen & Guttery, 2005). This have shortened the entire buying procedure and thus real estate agents are able to close the deals faster than before.

### **1.5.2. Significance to Industry**

According to a study conducted by Baen and Guttery (2005), the researchers have examined the potential impact of online materials and other information technology on the residential

real estate industry which come out the conclusion that the increased use of the internet and information technology would have a drastic and negative impact on the real estate industry in terms of both income and employment levels. Liu and Zhang (2014) also argued that advancement of technology such as the features in WeChat have allowed users to simplify their purchasing procedure. Besides, Zhu (2014) also averred that the WeChat build-in features which include browsing homes for sale, view property photos, virtual tours and videos, research schools and neighborhoods, lookup home values, use mortgage calculators and also negotiating with sellers through instant messaging are totally different ways of dealing business compare to traditional marketing.

Traditionally, buyers bear the cost of real estate agent service charges as well as the purchasing transaction cost (Saini & Johnson, 2005). But today, buyers and sellers can use social platforms to list and search for houses, potentially bypassing traditional real estate agents (Kotler, 2009). News have been reporting that Chinese buyers spent billions of dollars investing in U.S. properties each year and the buying process is entirely done through WeChat, no face to face interaction involved (Zhao et al, 2008). This is bringing a collapse for traditional real estate agents, consultants, and realtors in the industry as it indicates that their physical presences are no more important. Besides, it also shows that China customers are not influence by the traditional real estate agents through the process of introducing and pursuing for purchasing particular real estate. Therefore, my study will examine on how the willingness of customers to purchase real estate by using WeChat marketing.

### 1.5.3. Significance to Society

According to the REAL trends online performance study in 2015, statistics show that 90% of property buyers will do an online research prior to their purchase of a property with an agent, 45% of consumers will expect an initial response from an online inquiry within 15 minutes, and 89% of consumers agreed that response time was very important when choosing an agent (Qiulin, 2015). As a matter of fact, people had relied on technology so much and digital marketing should be the trend for businesses to introduce or sell their products (Kostoff, Boylan & Simons, 2004). On the other hand, popular social platforms like WeChat have too many users and official accounts, making the place too congested and losing the initial