

## Important marketing decision to purchase condominium: A case study of Bangkok, Thailand

Kevin Wongleedee

Graduate Program

Suan Sunandha Rajabhat University, Bangkok, Thailand

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### Keywords

Marketing Decision Factors, Condominium Purchasing, Image, Location

### Abstract

*Condominium in Bangkok is one of the lucrative businesses in Thailand. The demand is sustainable high for a decade from both for residential and investment purpose. Customers have different reasons to purchase condominium with different marketing decision to purchase. The purpose of this study was to survey important market factors for selling condominium in Bangkok metropolitan. A total of 400 samples were randomly choose from ten different condominium projects in order to gain insight information from their experience of condominium purchasing. A two-part-questionnaire was developed in order to collect data. Part one was about demographic information, part two was about marketing decision factors. Statistics analysis utilized in this study included percentage, means, standard deviation and t-test. The findings of this study revealed that there were five vital marketing decision factors which were location, advertising, price, surrounding areas, and near train or MRT. Also, the difference in demographic information did not play any significance in selecting important marketing factors for condominium purchasing of the customers.*

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### 1. Introduction

Nowadays the traffic jam was a serious problem in Bangkok, Thailand. Many of new home and condominium buyer have different market factors in choosing to buy a big item. Location is still the number one of the selling factor of all time. The developers in Bangkok is now facing with an increasing in demand for condominium properties. Along with the government new policies that focus on the trend to help middle class of Thailand to be able to buy a house or condominium lower than 1.5 million baht, Bangkok is having a boom market in small houses and one bed room condominium indeed. Bangkok is the capital city and the largest city of Thailand. It is also the most important city in terms of economics and politics. Many come to Bangkok for a better living, employment, education, health care and so forth. Therefore, the land becomes scarcity resources. Also, because of high demand and high prices for the land, the marketing decision is vital more than ever. The price of the land in the Bangkok is usually high when the area is developed, there is a good surroundings, and there is a high population density as well as convenient transportation (Perrera, 1995). Hence, it is not surprising that there is a major demand for condominiums. The low prices condominiums often offer a one-bed room with about 24-30 meter squares with the price range of less than 1.5 million baht. Majority of the high rise condominiums have sold to the young generation or people between the ages of 25-35 years old who are the majority of middle income people in Bangkok. These groups are a prime target group of new buyers of condominiums. In fact, they are newly graduated with a high pay job.

### 2. Literature Review

The market decisions to purchase condominium have at least six step, first step is to search information for what exactly customers wants and needs, second is to identify decision criteria, third is to allocate weights to the criteria, fourth is to develop the alternatives, fifth is to evaluate the alternative, and finally is to select the best alternative (Kotler, 2003). In fact, the marketing mix theory can be explained by the traditional 4 Ps of marketing mix which are price, place, production, and promotion (Kotler, 2003). If the price is high, the demand of condominiums will be low. On the other hand, if the price is low, the demand of condominium will be high. Place here is the location.

This means good location is near the business center and good neighborhood. In other words, good location means high price. Poor location means low price. Production here means the quality of condominium. High quality condominium means high price and certainly, low quality condominium means low price. The study of the marketing decision factors of condominiums was based on the classical economics theory of demand and supply. Since all commodity market including condominiums are an interaction of two distinct groups, buyers and sellers, or the demand and supply (Ariyawansa & Udayanthika, 2011). While the demand side factors are depended on some important factors such as demographic factors of the buyers, price, tax, total outstanding mortgage, and income. On the other hand, the supply side factors are depended on other important factors such as land cost, construction cost, inflation, interest rate, and cost of capital (Ariyawansa, 2007). It is imperative to evaluate the condominium in terms of market factors, it is important to use the theory of marketing. Finally, the vital advertising of the projects means ability to stir up the demand of condominium to attract target groups. High promotion will generally create high demand and low promotion will not create demand. Other external factors that can affect the demand of the condominiums in Bangkok are the population growth and density. This means the population growth and density happens from the migration of both Thai people from other provinces and labors migration from neighbor countries. Certainly, with limited supply of land and high rising building, the demand for condominiums is increasing faster than any kind of investment projects in Bangkok, Thailand (Tine, 2001).

### 3. Methodology of the Research

The purposes of this research was to survey all important marketing decision factors for condominium purchasing in Bangkok areas, Thailand. A total of 400 sample groups of this study were randomly selected from ten different condominium projects all over Bangkok in order to elicit the information from their knowledge, and past experience of condominium purchasing. A Likert five scales questionnaire was designed to collect primary data from ten high-rise condominiums in Bangkok, Thailand. A two-part- questionnaire was designed to collect data. Part one was about demographic information while part two was about market factors. A pilot test of 30 samples was done to check the quality of the questionnaire and test of reliability was also performed to pass at least 0.70 Cronbach Alpha.

### 4. Findings

The demographic information from the findings, it is revealed that there were more male than female and male and female sample groups were collected with this proportion 65:45. The majority of the respondents had the age between 25-40 years old which were young and have a good income, they are in the modern working class of Thailand. Up to 62 percent of the respondents were single and 25 percent of the respondents were married and the rest of the respondents were divorced. This data also implied that the majority of respondents were single and often preferred to select a one-bed room condominium which was cheap and comfortable for single persons. About 79 percent of the respondents hold a college degree or higher, this means the condominium customers had a very good education. The majority of respondents had a job in Bangkok but actually lived as the native of other provinces nearby Bangkok. In addition, about 91 percent of respondents stated that it was their first time buying of big item. Many of the first time buying was motivated by the great opportunity of the tax reduction policy. In other words, the new government policy that aimed to help the young to have place to live such as tax exemption, help consumers to make up their mind in terms of first time buying. Up to 77 percent of the respondents reported that marketing mix was an important key for them to evaluate and made a buying decision. The important of marketing mix was reported on Table 1. Importance of marketing decision factors.

Table 1 Vitality of Marketing Decision Factors

	Percentage
Market Factors	
1. Location	79
2. Advertising	77
3. Price	74
4. Surrounding areas	71
5. Near Train or MRT	70
6. Facilities	63
7. Image of the developers	61
8. Characteristics of Building	55
9. Safe Investment	54
10. Financing and Tax	53

Table 2. Marketing Mix that Influencing the Purchasing Decision

Marketing Mix	Mean	S.D.	Level of Importance
Product	4.32	0.54	High
Price	4.33	0.79	High
Place	4.43	0.58	High
Promotion	4.36	0.77	High
Total	4.36	0.67	High

From the survey, there were ten marketing decision factors that buyers used as a guide to make decision whether to buy the condominiums or not in Bangkok areas. These factors included location, advertising, price, near train or MRT, image and reputation of developers, facilities, surrounding areas, characteristics of building investment, and financing. However, By using the percentage rated by the 400 respondents, the findings of this study could be concluded and revealed that there were five important market factors which were location, advertising, price, surrounding areas, and near train or MRT. Also, the difference in demographic information, however, did not have any significance in selecting important market factor for condominium purchasing in Bangkok. Location was ranked as number one. This is because location is the most important factor and affects other factors such as price, surrounding area, image, and financing (Koolrojanapat, 2017). Again, in table 2, it shows that place was rated with the highest mean from the Marketing mix. This means place was actually the location of the condominium.

## 5. Future Studies

It is important to note that, during the data collection, there are many foreign customers who are the customers of condominium both as buyers and renters. Therefore, there is one limitation of this research paper was that this survey research focuses only the Thai customers, and not the international customers. Therefore, future studies should cover foreign customers in the sample group. In addition, a focus group of both Thai customers and international customers should be conducted to gain more insight information about their buying behavior.

## 6. Acknowledgment

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