



CUSTOMERS ´ BUYING BEHAVIOR TOWARDS THE REAL ESTATES OF CHINA VANKE Co., Ltd.

Linqi Wang

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Author(s) Wang Linqi			
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<p>Abstract</p> <p>In this report analysis something about Chinese real estate markets and China Vanke Co., Ltd. The customers´buying behavior was studied by survey research and a case study to get comprehensive and in-depth results. Significant factors in the empirical analysis were the location of the real estate, the price of the real estate, the quality of the real estate, and image. The company was established, customers will be affected by many factors when desiring to buy houses, most of them all are positive factors except price. Introduction the empirical research and China Vanke Co., Ltd.</p> <p>The price of real estate is a strong negative factor that affects the willingness of buying the real estate products of China Vanke Co., Ltd. The findings in the empirical research mean the quality, location, serving as a way of investment and image of real estate of China Vanke Co., Ltd. are helpful in attracting people to buy the real estate of the company, but if the high price still goes up, the willingness will be lower.</p>			
Keywords buying behavior, Vanke Co., Ltd., real estate			

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1 INTRODUCTION

Vanke Co.,Ltd. is one of the most famous real estate developers in People's Republic of China, where the prices of real estates have been growing by more than 20 percent for the past 10 years. During these years, people always talk about bubble in the real estate market but price never stopped to grow even after the financial crisis in 2008. In this context, several big real estate developers emerged, and Vanke Co., Ltd. is the current leader in terms of revenue. There are no researches conducted on analyzing why Vanke Co., Ltd. has won such a high degree of awareness within the customers, and what marketing techniques Vanke Co., Ltd. employs to achieve its objectives.

(Vanke 2013)

This thesis aims to study this problem in the form of an survey analysis from the perspective of buyers and study what the buyers feel about Vanke Co., Ltd.'s marketing. By studying the literature on the marketing of real estate. This paper aims to find out the factors that affect the willingness of buying the house of Vanke Co., Ltd. an empirical analysis and with the help of the results. It is aimed at finding out how Vanke Co., Ltd. can improve its business. The survey analysis will study not only the degree of correlation but also the degree of significance of the factors that affect the willingness of buyers for Vanke Co., Ltd.'s houses. Although the sampling of the empirical study is wide, it lacks in depth because the hypothesis-es in the empirical analysis are based on the findings in the literature. It is impossible to identify revolutionary changes that have little or no relationship with literature.

A case study research is also conducted to study the buying behavior of the real estate products of China Vanke Co., Ltd. In a case study, the research questions are set up with limitations according to the findings in former case study. With the help of a empirical analysis and the case study, this research will be achieve in terms of both of comprehensiveness and depth. (Vanke 2013)

1.1 Motivation for the research

This research was a research about the marketing of real estate. The marketing of real estate is also included in the marketing subject. The research will be conducted with the help of empirical analysis, which was based on literature on the marketing of real estate, testing the findings in the literature with the help of a questionnaire survey.

It is well known that the Chinese real estate market is a peculiar one that has its own characteristics, such real estate bubble and urbanization (Leung 2010, 13). As a representative of a successful Chinese real estate company, studying the buying behaviour for Vanke Co., Ltd. is of great importance for knowing the real estate market in China.

1.2 Objectives of the research

The research was made to study people's buying behaviour of Vanke Co., Ltd.'s houses, more specifically; the factors that affect the willingness of buyers to buy Vanke Co., Ltd.'s real estate. Especially in 2012, when the inventory of the real estate market of China was sky-high, but Vanke Co., Ltd. could still make a revenue of over 100 billion RMB (China Index Academy 2013), which equals about 161 billion US dollars). There must be something special for the customers in Vanke Co., Ltd. so that the products of Vanke Co., Ltd. are more favorable than the products of other real estate developers of China. This research aims to find out what are the factors that attract the buyers to buy Vanke Co., Ltd.'s houses, and to what extent these factors are related with the willingness of buying Vanke Co., Ltd.'s house. The results of this research can help other real estate companies in the same market to improve their products or marketing strategies in order to achieve a better performance.

(China Index Academy 2013)

2 PRESENTATION OF THE CASE COMPANY

2.1 Real estate markets in China

According to Crushman and Wakefield LLC in Heffernan (2010, 109), the real estate market of China has overtaken the real estate market of the USA to become the number one real estate market of the world in terms of revenue. It is because of two reasons, price growth and high demand. According to China Index Academy (2013), since April 2010, the Chinese government started the macro control policy that was based on "limit the buying and limits the loan" for real estate market to curb speculations on real estate and control the growth of real estate price. In 2011, the real estate market experienced a serious market modification. In 2012, there was sign of market recovery. In general, the price growth of real estate is controlled in a lower level, which means there is less speculation in the market, and the demand of the ones with rigid demand are catered, which was very obvious in 2012.

(Heffernan 2010, 109; China Index Academy 2013)

Zhou and Lin (2012, 65) argued that the price growth of China's real estate market was related with the process of urbanization in China. Now that most of China's population is in the villages, the demand is always high. Thus it is not possible for the price to go down. As for the conditions of 2012, according to China Index Academy (2013), the tendency of the real estate market in 2012 was bottoming out, which is demonstrated in the real estate investment, house sales and newly started buildings. From January to October of 2012, the investment on real estate development was 5762.9 Chinese RMB/ m², a 15.4 percent of growth compared with 2011, but in the years passed, this rate was over 20 percent before 2008. Thus it is reasonable to say the real estate market of China may have reached its bottom. In the first 10 months of 2012, the sales of real estates were 787.43 million square meters, which is 1.1 percent lower than 1998. But according to the sales in terms of months, the tendency

is a low start evolves to a high end. The sales are increasing month after month. From this point, it is also reasonable to say the market is recovering. In the first ten months of 2012, the area for the newly started building was 1467.92 million square meters, a 8.5 percent decrease compared with 2010. The decreasing of the area of newly started buildings shows that the real estate developers were pessimistic about the short term future of real estate market of China. It is the lowest in the recent years, and the inventory is gradually increasing. By the end of October of 2012, the for-sale area of commercial residential building was 330.48 million square meters. But it takes just one month for the for-sale area to increase from 205.26 million square meters to 330.48 million square meters, and after that time the for-sale area stays at that level of March 2012. The ones with rigid demand are the main buying force. The sales of big space houses and luxury houses were still bad. (Zhou and Lin 2012, 65; China Index Academy 2013)

In 2012, the government employed discriminating sales policy. For the ones who buy their first house, the interest rate for loan is 85 percent of the base rate (base rate is 17). For the ones who buy their second house, the loan rate is 1.1 times of the base rate and there is no loan for the ones who buy their third house. The area of land supply is also reduced, but at the end of 2012, it is increasing, which is another evidence for real estate recovery. There is also a convergence tendency in the real estate developers, the big developers become bigger. In the first ten months of 2012, the sales performance of the leading real estate developers were better than previous. Among them the revenue of Vanke Co., Ltd. is 110 billion RMB. The first developer that makes its revenue to exceed 100 billion (China Index Academy 2013). China Construction and Poly also joined the “1000 million RMB sales revenue group” at the end of 2012. Most of the big real estate companies achieved their sales objective of 2012 in advance. The recovering of sales stimulated the passion of buying land for real estate companies. (China Index Academy 2013)

According to Wang (2013, 11), the real estate market of China sees its next price

growth due to the effort of government on reining real estate speculation by levying 20 percent on the personal income when the individual owners sell their houses. The market overreacted to this policy and it shocked the investors. The share price of big real estate companies fell. This policy drove the owners to rush to the market to finalize the transaction before this policy is put into action. But the pessimistic perspective of second hand house market stimulated the new house market, which is good news for the real estate developers. (Wang 2013, 11)

With more and more people living and working out of their hometown, the problem of Hukou system emerged. According to Chan and Zhang (1999, 213). Hukou system is a basic national executive system of China. Traditionally Hukou system is related with land, and a system that manages the people by units of family. The Hukou system is also a legal system that enables the nation to collect, identify, register the birth, death, relative relationship and permanent residence of its people. It also represents the interest a person can enjoy on occupation, education and social security. Due to the imbalance development in different regions of China, Hukou system becomes a proof for unequal distribution of resources. The difference is mainly in the different treatment between urban and rural areas now, Hukou has been a tool for managing the real estate prices of a region. Bosker, Brakman, Garretsen & Schramm. (2012, 178) identified that the existence of Hukou system restricts the development of China no matter from the urban side or from the rural side. It blocks the free flow of labor and talents. If someone wants to buy a house in Beijing, the Beijing Hukou is a prerequisite. The Chinese government has used the control on Hukou to do a macro control on the real estate price. Do Hukou problem does not only exist in the buying of a house in Beijing, Bosker et al. (2012, 178) also identified that they also exist in Shanghai, but it served as a lower obstacle compared with its role in Beijing. Thus in the research of buyers' behavior for real estate. Hukou should not be neglected. (Chan and Zhang 1999, 213; Bosker et al. 2012, 178)

2.2 Vanke Co., Ltd.

According to www.Vanke.com (2013), China Vanke Co., Ltd. was established in 1984. and it started to expand into the real estate market in 1988. In 1991, it became the second company that is being listed in the Shenzhen Stock Exchange. After 20 years of development, Vanke Co., Ltd. became the biggest real estate developers of China in terms of revenue. The business of Vanke Co., Ltd. is mainly in the three economic hot zones, Pearl River delta, Yangtze River delta and Bohai Sea economic rim. In the recent 3 years, the sales of Vanke Co., Ltd. has been over 60, 000 suites. In 2011, the sales of Vanke Co., Ltd. were 10.75 million square meters with sales revenue of 14.98 billion Euros . In 2012, the sales revenue of Vanke Co., Ltd. were 17.26 billion Euros. The sales revenue of Vanke Co., Ltd. were the first in the real estate industry of China.

(Vanke 2013)

In its operations. China Vanke Co., Ltd. sticks to its principle on fulfilling its corporate social relationship by never intentionally reserving land for appreciation, never making property hoarding. Vanke Co., Ltd.'s operational strategy is fast turnover, fast developing and relying on professional skill to gain equal return. The target customers of Vanke Co., Ltd. are mainly ordinary real estate buyers especially the ones with rigid needs, thus most of the houses of Vanke Co., Ltd. are in small areas. In 2011, 89 percent of the houses Vanke Co., Ltd. sold are less than 144 square meters (Vanke 2013). Vanke Co., Ltd. sticks to the strategy of fast sales and reasonable pricing, and never pursuing high profit. Since 2005, every year Vanke Co., Ltd. paid more tax than its net profit. In the years of effort being made, Vanke Co., Ltd. has established its own competitive advantage. The brands under Vanke Co., Ltd. are appreciated by the customers. Vanke Co., Ltd. has applied many patents in terms of building and design, the estate management of Vanke Co., Ltd. is through ISO 9002 certification.

(Vanke 2013).

According to China Vanke Co., Ltd. (2013), Golden Waterside project that is located in Hangzhou. There are three kinds of houses, lofts, multi-storey dwellings and villas. These real estate products are being as a whole target for the consumers who want well situated supporting facilities like supermarkets, schools and hospital, good transportation and project location, caring for living experience and living environment. But each of the products has its own target customer groups. The target customers of multi-storey inhabitation are the buyers who were sensitive to low price. The target customers of lofts are the ones who emphasize quality life and the ones who want the living to represent their value of life, and villa targets the customers who are not sensitive to price but very sensitive to value and quality. Thus the unique selling point of multi-storey inhabitation are cost effective, good environment, good house quality. The unique selling point of loft was good house design, competitive price and good location. The unique selling point of villa was good living environment, good living experience and good supporting facilities. (China Vanke Co., Ltd. 2013),

3 REAL ESTATE MARKETING

3.1 Willingness of buying real estates in China

Leung (2010, 8) identified price as one of the most important factors that affect the willingness of buying real estate in any market. Shen and Liu (2004, 72) found out that the real estate market of China was not high degree free market, so the traditional formulas like the 4 Ps of marketing mix (price, product, place and promotion) may not be all the factors in marketing for Vanke Co., Ltd. real estate marketing should consider. Shen and Liu (2004, 72) also identified social factors such as vanity as one reason for someone who buys real estate, and a considerable number of real estate buyers do not buy the houses for living in them. But for investment and appreciation, which is one of the main reasons for the price of real estate to go up in these years. Zhou and Lin (2012, 12) made a research on the same subject and found out that social factors such as vanity surely played an important role in the crazy thrust for buying real estate, regardless of the price. In this literature the ones who buy the real estate regardless of their financial capacity are identified as the result of social factors. (Leung 2010, 8; Shen and Liu 2004, 72; Zhou and Lin 2012, 12)

China Index Academy (2013) has studied the consuming behavior on real estate in Tangshan city. Tangshan city is one of the cities in the Bohai Sea Economic Rim. The study shows 17.9 percent the price of real estate will decrease a little or drastically in 2013. 41.2 percent of the interviewees think the price of real estate will keep stable and 32.8 percent of interviewees believe it will increase, which means although many people can not afford the current high real estate price. They still believe the price of real estate will still go up, even if there was macro control policy to curb the demand.

Dobbs and Sankhe (2010, 92) also made a study on the real estate industry of China.

They found that as for the macro control policy on real estate, 30.6 percent of interviewees think it will be tightened while 20.6 percent of them believe it will become loose. In the study, a question was raised that in the process of urbanization, the Chinese government always tried to control the real estate price by putting pressure and demand, rather than making more supplies. It is the reason for the phenomena that after every macro control of the real estate price, the price of real estate goes up. It also shown in the process of urbanization. The demand for real estate is rigid. Because Dobbs and Sankhe (2010, 92) think the price of real estate will go up, thus it was reasonable to predict that price growth may cause the tightening of macro control[policy. (China Index Academy 2013; Dobbs and Sankhe 2010, 92)

For the objective of macro con-troll policy. 57.5 percent of the interviewees think it should be for improving the living quality of the people and the decreasing of real estate price, while 27.5 percent believe it should be for the economic stability of the country and the stability of real estate price, 57.6 percent of interviewees were not satisfied with the effect of macro control policy on real estate market. Because the efforts is always on stopping people from buying and not on increasing the demand. The study also shows that more than half of the interviewees is plan has just bought their first house while 21 percent of them are planning to buy their second house. This finding also shows that there are so many poor people who do not have a house in the city. As long as the urbanization is still in process, there is no hope the demand will go down.

Among the purposes for buying a house, most of the Chinese buy Vanke Co., Ltd. house to improve the life quality. The quantity of interviewees who buy house for marriage were ranked second. This is related to the Chinese culture. When the Chinese people get married, they buy a home. It is not only a virtual home of two people coming together, but also a physical home, thus a home for marriage is necessary. According to China Index Academy (2013), within 1 month. 86 percent of them had seen the model houses of real estate developers 3 times and less than

three times which shows most of them are from the working class so that they do not have enough time to visit more real estate developers. On the way they choose to buy, only 30 percent of the interviewees choose to pay in cash, and the rest choose to buy by loan. About the price of the house, 35 percent of them think they can afford a house worth no more than 0.5 million RMB. As for the unit price of the house, 44.5 percent of the interviewees can accept 4000-5000 RMB per square meter, and only 20 percent of them think they can accept 6000-7000 RMB per square meter. For the monthly installment payment, 90 percent of the interviewees think they can accept monthly installment payment no more than 6000 RMB per month. This result shows price is an important factor, together with loan policy and interest.

(China Index Academy 2013)

But until now no research that focuses on the willingness of buying real estate was identified. This research is going to fill in this vacancy by studying the willingness for buying the house of China Vanke Co., Ltd.

3.2 Real estate marketing in China

Although the real estate market of China is flourishing, it is not a mature market, due to the peculiar characteristics of the real estate market of China. The marketing mode is not advanced as it is in the developed countries. Marketing by the developers is the main marketing mode of China. Besides marketing by the developer, there are other marketing modes such as marketing by the agent, real estate supermarket and online marketing.

3.2.1 Marketing by the developer

Marketing by the developer is the traditional marketing mode in China. Although this

mode is very primitive, it is the mode with the lowest cost. Thus it is the favorite mode of the developers. The advantage of marketing by the developer mode is low cost. The sales team is controlled by the developer, thus it is convenient for the developer to control and manage them. The purpose and intention of the developer can be transmitted to the sales team directly, not like in the marketing by the agent mode, the will of developer can only influence the agent. The other advantage is the demand information in the market can be transferred directly back to the management team of the company. So that the company can adjust its quality, design, and service according to the demands of real estate market. When there are complaints from the buyers, the developer can react in time from the information provided by its own sales team. The disadvantage of this mode is that it lacks the ability to make in depth investigation and analysis for the real estate market. According to China Vanke Co., Ltd. (2011). The marketing of Vanke Co., Ltd. is done by its own marketing development team. (China Vanke Co., Ltd. 2011)

3.2.2 Marketing by the agent

Normally, companies that do not have follow-up projects tend to choose marketing by the agent mode. Companies who enter a new market or companies who need to establish a better image critically tend to choose this mode, too. The qualified agents have their own sales network, which is very effective. With the help of their network. They can quickly push the products to the market. The qualified agents also have a rich customer resource, and a professional market investigation and analysis department, which is something the developers do not bother to build. The disadvantage of the marketing by agent mode is the high cost. According to Tang (2008), in China the agent usually asks for a sole agent agreement from the developer. Under this condition. There is no reference object for evaluating the performance of the agent. Another problem is the agent and the developer have different interest, considering the high degree risk in the real estate market, when change comes. There

is risk that the agent provides the developer wrong information for its own interest.
(Tang 2008)

3.2.3 Real estate supermarket

Marketing by the real estate supermarket is a new method that has just emerged in Shanghai. It is as one of the main real estate developers in China, Vanke Co., Ltd, and has also taken in the real estate super market (Tang, 2008). In this mode the developers place their models in the show room, together with brochures and other materials. The developers can also allocate property consultants in the real estate supermarket. The advantage of this mode was it provides a platform for the developers and customers to communicate with each other, but its disadvantage was also obvious. Before making the decision for buying the real estate, the buyers still require see the house, and the cost of keeping a booth in the supermarket is not low.
(Tang 2008)

3.2.4 Online marketing

Information technology has changed the rules of many industries, and real estate industry was no exception. Online marketing is gradually becoming an important marketing mode in the real estate industry (Liu 2008). Real estate online marketing is a new marketing mode. It is based on utilizing information technology, modern communication technology and digital interaction technology unlike the traditional marketing techniques, such as advertising. It is a one-way communication. Online marketing enables developer to interact with the buyers on the online marketing platform (Liu 2008). For example, more and more real estate buyers will log on www.soufun.com (2013) to find the new houses and second hand houses. www.soufun.com (2013) is just one of the websites that has national influence in China. Soufun is the largest real estate and home furnishing network platform. It has

employed more than 7000 worker who help it to expand its business to 104 cities globally with its focus mainland China. Soufun can attract 12 million potential real estate buyers (Soufun 2013), thus it is the symbol of the success of online marketing for real estate. (Liu 2008 ; soufun 2013)

4 RESEARCH METHODOLOGY

Research methodology is the approach that will be utilized as an empirical analysis. According to Emory and Cooper (1991, 127), empirical analysis is to analyze economic activity based on a confirmable basis regardless of any judgement based on value or belief. It answers the question of “what is it”, the analyzing of the problem is subjective. Conclusion from empirical analysis can be proved by facts. There are many kinds of analysis methods in empirical analysis, such as qualitative analysis, equilibrium analysis and so on. (Emory and Cooper 1991, 127)

In the research of Vanke Co., Ltd. a Logit regression model was made to test the hypothesizes that are made of the desire of buying the houses of Vanke Co., Ltd. It was as the dependent variable and the factors identified in the theoretical framework. The data for the Logit regression model is collected through a questionnaire survey. A Logit regression model was used to study the correlation between dependent variable and independent variables and the degree of significance.

Case study was another research method that was used in this research. Emory and Cooper (1991, 32) define the case study research method as an empirical inquiry that investigates a contemporary phenomenon within its real-life context, when the boundaries between phenomenon and context were not clearly evident. In which multiple sources of evidence are used. Case study is different with empirical analysis. An empirical analysis answers the question of “what”, while case study answers the question of “how” and “why”. (Emory and Cooper 1991, 32)

It was necessary to conduct a literature review before making the research. A literature review can not only identify what has been done about the research question, but it also provides basis for the empirical analysis. Furthermore, it can pinpoint the direction for evidence and helps to decide the methods of analysis that

are to be used in case study.

In this research, two kinds of research methods were used. It is because none of the two research methods was perfect. The empirical research was confined by the literature review, which was the basis for the hypotheses to be tested. If there were new factors in the real life, it was impossible to find them in a empirical analysis. Thus it was not comprehensive and it was lack of depth. The problems of case study are different. In a case study, it was impossible to include many cases. Thus critics doubt whether several cases can reflect the situation of the whole group. Another critic on case study was the that the investigator can affect the judgment of them thus case study is not objective enough. But empirical analysis can make up for the weaknesses of case study method. In the data collecting process, the data collectors only collect data and does not make judgments thus they are neutral enough. Thus being a combination of an empirical research and a case study, this result of this research can be more plausible. The questions of “what” “how” and “why” can all be solved.

4.1 Implementation of the research

The research problem was to talk about why Chinese buy the Vanke Co., Ltd. house. Implementation of the research was about how to conduct the research, for the empirical analysis. The implementation starts from the designing of the research, the design of the questionnaire, sampling, data collection and data analysis. The implementation of the case study can be divided into five steps : determining the research questions, selecting the case and determining the data collection method and analyzing method, collecting the data, analyzing the data and preparing the report. The questionnaire was conducted by the author and other people. The people were the other recruited from the internet at the beginning of May, 2011 in the first line cities of China. The survey was carried out in three forms : the introduction of each part, the number of respondents in each part and how questionnaire survey and the case study

was done.

4.1.1 Implementation of the survey

The objectives of this research were to find out the factors that are related with the willingness of buying the houses of Vanke Co., Ltd.. Nine factors were identified as the factors that affect the willingness of buying the houses of Vanke Co., Ltd. So the hypothesis can be made as follows:

HQ 1: Price is negatively related with the willingness of buying the houses of Vanke Co., Ltd.

HQ 2: Vanity is positively related with the willingness of buying the houses of Vanke Co., Ltd.

HQ 3: A good location is positively related with the willingness of buying the houses of Vanke Co., Ltd.

HQ 4: Serving as investment is positively related with the willingness of buying the houses of Vanke Co., Ltd.

HQ 5: The good quality of the house is positively related with the willingness of buying the houses of Vanke Co., Ltd.

HQ 6: The good image Vanke Co., Ltd. made from its promotion is positively related with the willingness of buying the houses of Vanke Co., Ltd.

HQ7: The existence of China Vanke Co., Ltd.'s property management team is positively related with the willingness of buying the houses of China Vanke Co., Ltd.

HQ8: The quality of the external environment of China Vanke Co., Ltd. is positively related with the willingness of buying the houses of China Vanke Co., Ltd.

HQ9: The existence of affiliated facilities nearby is positively related with the willingness of buying the houses of China Vanke Co., Ltd.

A questionnaire survey was designed. It was answered by people who dropped by at the real estate sales center of China Vanke Co., Ltd. This empirical research method

has its own limitations. Empirical study cannot get more meaningful information than it does in a case study, because in a case study the researcher can employ an in-depth interview with one concerned. But this method allows more people to participate in the sampling. In that way the results in empirical research method are more accurate and comprehensive than in a case study. Empirical research can reflect the condition of the whole group.

Logit regression analysis was the analysis based on analyzing the relationship between independent variables. With a dependent variable with binary values. It was a nonlinear model. In a Logit regression analysis. The dependent variable should be in binary value, namely, 0 or 1, if the dependent value is Y , when $Y=0$, it means the event will not happen. When $Y=1$, it means the event will happen. Logit regression model is used to calculate to what extent and what degree of significance the independent variables. It is related to the dependent variable respectively. A Logit regression model will be built. With the willingness of buying the real estate products of China Vanke Co., Ltd. as the dependent variable. And the 6 factors in the hypothesis questions as the independent variable as they are shown in the following table:

TABLE 1. The definition of dependent variable and independent variables in the Logit regression model. For the empirical analysis of consumers' willingness of buying the real estate products of China Vanke Co., Ltd.

Y	The willingness of buying the real estate products of China Vanke Co., Ltd.
X1	Vanity is positively related with the willingness of buying the houses of Vanke Co., Ltd.
X2	A good location is positively related with the willingness of buying the houses of Vanke Co., Ltd.
X3	Serving as investment is positively related with the willingness of buying the houses of Vanke Co., Ltd.
X4	Price is negatively related with the willingness of buying the houses of Vanke Co., Ltd.
X5	The good quality of the house is positively related with the willingness of buying the houses of Vanke Co., Ltd.
X6	The good image Vanke Co., Ltd. made from its promotion is positively related with the willingness of buying the houses of Vanke Co., Ltd.
X7	The exist-ance of China Vanke Co., Ltd.'s property management team is positively related with the willingness of buying the houses of China Vanke Co., Ltd.
X8	The quality of the external environment of China Vanke Co., Ltd. is positively related with the willingness of buying the houses of China Vanke Co., Ltd.
X9	The existence of affiliated facilities nearby is positively related with the willingness of buying the houses of China Vanke Co., Ltd.
The independent variables were measured by Likert five degree scale. In which strongly disagree stands for 1, disagree stands for 2, neutral stands for 3, neutral stands for 4 and strongly agree stands for 5. But for the dependent variable Y, in a Logit regression model. There should be only two answers for the dependent variable, yes and no, in which yes means 1 and no means 0.	

Based on the above table, the Logit regression model can be built as following:

$$\ln \frac{p}{1-p} = B_1X_1 + B_2X_2 + \dots + B_9X_9$$

Here presents the possibility that the buyers and potential buyers 'willingness to buy the real estate products of China Vanke Co., Ltd. And $1-p$ represents the possibility that the buyers and potential buyers have no willingness for the real estate products of China Vanke Co., Ltd. $X_1 \dots X_9$ are the independent variables, namely, the possible factors. B_n is the parameter. The model was used to calculate to what extent the independent variables $X_1 \dots X_9$ were related to with the dependent variable Y and in what degree of significance in what interval. Apart from accessing the dependent factors and independent factors in the survey. Other demographic factors should also be collected to study the real estate buyers. Such as age, gender, educational background, whether the location of the project is in their hometown.

(Chan and Zhang 1999, 47)

The independent variables in this model were measured by Likert five degrees scale. In which strongly disagree stands for 1, disagree stands for 2, neutral stands for 3, agree stands for 4 and strongly agree stands for 5. The questions were divided into two parts. Part one is asking the buyers and potential buyers of the real estate products of Vanke Co., Ltd. for their willingness to buy the real estate products of China Vanke Co., Ltd. to get the data for accessing the dependent variable Y . The answer can only be 0 or 1. Because it is in a Logit regression model. Part two was for the independent variables, such as the price of the real estate, buying real estate for investment and appreciation, buying real estate for vanity and showing off and so on. The answer for this part can be 1 to 5 according to the Likert five degrees scale, which depends on how much the customer agrees with the question.

The questionnaire survey was conducted in the first line cities like Beijing, Shanghai, Shenzhen and Guangzhou, where China Vanke Co., Ltd. has a strong presence. The samples were empirised from the ones drop by the sales center of the company and

the ones who have the need or intention for buying a house. First it was made clear to the ones being surveyed that this questionnaire survey was only for statistic purposes. And their personal information will not be gathered to anyone, in order to make them feel free to finish the questionnaire survey.

4.1.2 Implementation of the case study.

There are 5 steps of the case study implementation. Starting from determining the research questions, and then selecting the case and determining the data collection method and analyzing method. Then collecting the data, analyzing the data and ending with preparing the report.

Determining the research questions was the first step in a case study. It was the focus of the study. It was true that Vanke Co., Ltd.'s sales and performance were good according to www.Vanke.com (2013). But it does not provide why Vanke Co., Ltd.'s products were so welcomed and how did Vanke Co., Ltd. achieve that. In this case, the research played a key role in knowing the buying behavior of Vanke Co., Ltd.'s real estate products. Thus the object of the research questions was the buyers or potential buyers of Vanke Co., Ltd.'s real estate products. Tang, L (2008, 39) and Wang, A (2013) made a literature review on China Vanke Co., Ltd. On the real estate market of China and found China Vanke Co., Ltd. has been market leader in terms of sales revenue in the recent two years. But the findings are too general and without depth, which may not be valid in the case of Vanke Co., Ltd.. Therefore the research questions are as follows:

Question 1: How did China Vanke Co., Ltd. attract customers to buy its real estate products?

Question 2: Why have the real estate products of Vanke Co., Ltd. appeared so popular in the real estate market of China?

(Vanke 2013; Tang, L 2008, 39; Wang, A 2013)

In this research, from the two research questions, we can see the focus of these two questions is on the relationship between China Vanke Co., Ltd. and the buyers of real estate. Thus all the activities that can establish some kind of relationship between these two groups can be the case of this study. The marketing plan of Vanke Co., Ltd. is a kind of description of how the company is planning to approach the customers. Thus the marketing plans of Vanke Co., Ltd. can be regarded as a case. Because the case study was about studying the relationship between the company and the real estate buyers. Thus it was also necessary to study China Vanke Co., Ltd. Especially the marketing operators know more about the needs of real estate buyers. And it was also to conduct a qualitative research around the two research questions on the buyers and potential buyers of China Vanke Co., Ltd. Apart from interviews. The gathering of China Vanke Co., Ltd.'s marketing plans can also be regarded as source for data.

Interviews were particularly useful for getting the story behind a participant's experiences. The interviewer can pursue in-depth information around the research questions. Interviews may be useful as follow-up to certain respondents to questionnaires, e.g., to further investigate their responses (McNamara 1999). In this case, the empirical analysis requires a questionnaire survey. The interview can be carried out together with the questionnaire survey. It can not only make the research comprehensive and deep, but also save the cost of carrying out of the survey and interviews. The interview of the buyers and potential buyers was in the form of an informal interview. But there were predetermined questions. Such as How do you know Vanke Co., Ltd.? How do you like Vake Co., Ltd.'s houses? What do you think is Vanke Co., Ltd.'s unique selling points? (McNamara 1999, 235)

The interview of the marketing personnel of China Vanke Co., Ltd. was conducted via phone to save costs. It was feasible to conduct the telephone interview because the number of respondents was open. Telephone interviews can enable the interviewers

to gather information rapidly. It also allows personal contacts between interviewer and interviewees. It was necessary to let them know the value of this research for Vanke Co., Ltd. Such as this research can find out the real decision making criteria on choosing real estate products. It was only by letting them know the benefit of this research for them. The company can get the full cooperation from the marketing personnel on the telephone interview. The following questions needed to be solved beforehand : Who are the interviewers? How were they selected? Who trained the interviewers? And how many they were?

Since the questionnaire survey and the interview should be conducted in more than one city, it was impossible for a individual to finish this work. More interviewers were needed, thus it was necessary to conduct a interviewer training because interviewers can control the quality and results of the interview. Therefore letting them know how to interview is very important. The key points of interviewer training included letting the interviewers know the whole study which was a comprehensive study on the real estate buyer's buying behavior of China Vanke Co., Ltd.' products, the sampling logic was also simple. One of the most important skill was that the interviewer should be capable in the interview. They cannot bias the results, thus interviewers should know the many ways they may bias the results and avoid them.

According to Anderson and Jack (1991, 149), in interviewing the real estate buyers, a qualified interviewer should know the basic information about China Vanke Co., Ltd. and know the procedure of the interview. First, they must have entered the sales center of China Vanke Co., Ltd. Secondly, they must be not in a hurry because it will take them some time for the interview. They should had a gentle attitude towards the respondents because it is an informal interview. They bear no responsibility to answer our questions. The interviewer should know the skills of controlling the talking in the interview to avoiding digressions, since the interview was informal interview. Digression is normal and avoiding it can increase the efficiency of the interview. In an informal interview. A good remembering ability and critical thinking ability can also be

of help to the efficiency and quality of the interview. (Anderson and Jack 1991, 149)

The core of the interview was to know what the respondents think about the topic e.g. How they like Vanke Co., Ltd.'s real estate, and why they do like the house of Vanke Co., Ltd. These opinions and values can affect interviewees' behavior.

The data collection of the telephone interview of the marketing personnel of China Vanke Co., Ltd. and the interview of buyers and potential buyers of the company's real estate was more complicated than it was in the empirical analysis. It was because the materials collected in the interviews were not measured. They need to be processed again to be prepared for the research. For example, here was the answer of the informal interview of the one of Vanke Co., Ltd.'s buyer: "... I think Vanke Co., Ltd. is famous. Thus it is reasonable for me to trust its quality, because Vanke Co., Ltd. has invested so much on building its reputation, There was only one key word in it, famous. All of the materials must be processed in this way to make them researchable. And all the materials from China Vanke Co., Ltd.'s marketing plans were processed this way, too.

4.2 Analyses of the research results

4.2.1 Background information of the respondents

The respondents were in three groups : respondents to the questionnaire of first survey research, respondents to the questionnaire survey of case study and respondents to the interviews. There were 306 in the first survey, 212 in survey of case study and 42 in the interviews for case study research. A total of 506 respondents were involved in this research. The respondents were the ones who went to the real estate sales center of China Vanke Co., Ltd. in the first line cities, such as

Beijing, Shanghai, Guangzhou and so on. The questionnaire already done on page 20 of this thesis.

1) How old are you?

1. 20 – 30 years old ☐ 2. 31 – 40 years old ☐ 3. 41 – 50 years old ☐
4. 51 – 60 years old ☐ 5. 61 year old and above ☐

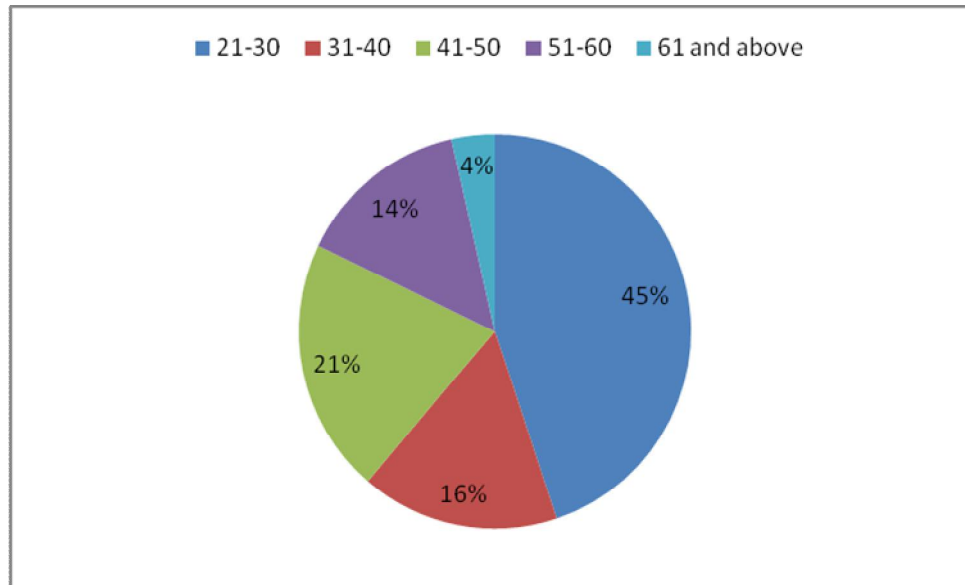


FIGURE 14. Participants Age Composition (n= 212)

Figure 14 shows that the majority of the respondents are people from 20 years old to 30 years old. This phenomenon is also the reflection of Chinese social reality. Although the young people are not financially good enough, but they are the group with the great need for buying real estate. The 31 to 40 and 51 to 60 occupants the second and third part, respectively. It seems that when people get more savings of money, they would prefer to invest in real estate or improve former house to a better one.

2) What is your gender?

Whether the man or woman is the main supplier for house now was also a influencing sector. Man and woman had a little different focus when they consider of choosing a

house. Then we would better understand their purchase decision.

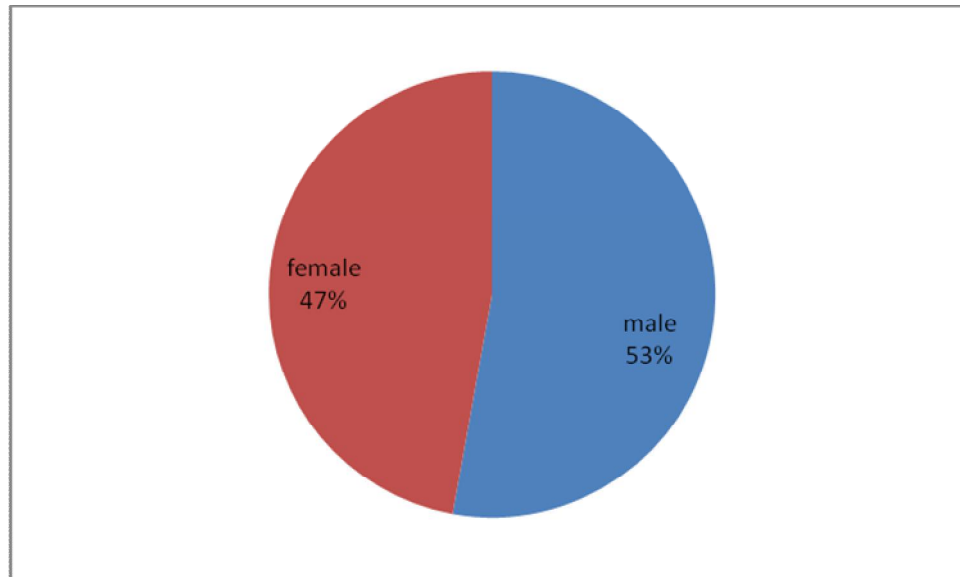


FIGURE 15. Participants Gender Composition (n = 212)

In China, men are still in the main position of supplying the house for living. But it is already a big increase of females supplying the house from past. In modern society, it is common to see that both parents are workers and they supply a house together, which may be one reason of this gender composition.

3) What is the type of your permanent registered place certificate?

It is a key factor to know that where the customer's current permanent living place is, as it tightly connect with their purchasing purpose. With this information, we will better understand the customer needs.

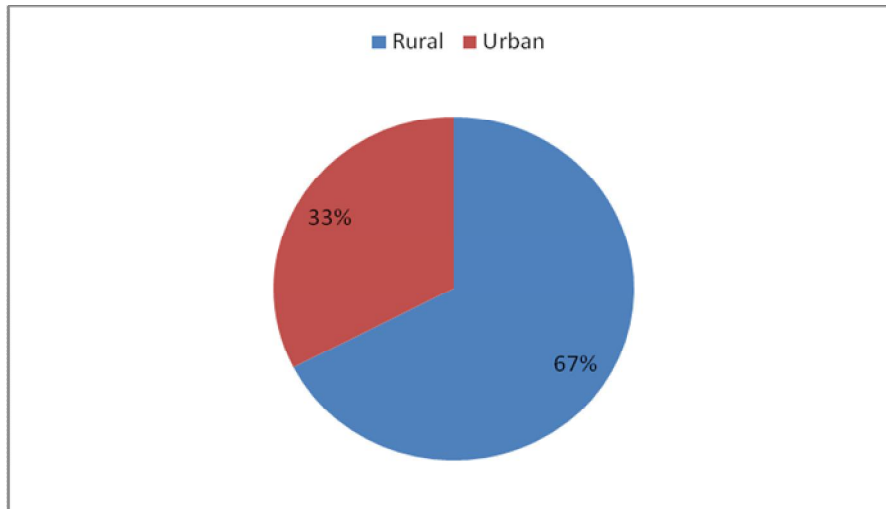


FIGURE 16. Participants Living Address Distribution (n = 212)

There are far more respondents who are from rural areas than respondents who are from urban areas. This is confirmed with Dobbs & Sankhe (2010, 122) assertion that China is still in the urbanization process. More and more people will change from rural to urban. (Dobbs & Sankhe 2010, 122)

4.2.2 Results from the survey research and decision making criteria in selecting the real estate company

All the information collected is for statistic purpose only. The purpose of this survey is for accessing the factors that affect the willingness of buying China Vanke Co., Ltd.'s real estate products. The data collected will go through a Logit regression model to access their significance. According to Homsmer and Lemeshow (2000, 52-70), the Logit regression model was the regression analysis of dependent variable for qualitative variable. It was a nonlinear model, with one requirement that the dependent variable must be a binary variable. Then it can result that the independent value is only 0 and 1. If the dependent variable is y, then when y=1 it means yes and y=0 means no. The independent variable can be dummy variable or continuous variable. According to the model, we can define the occurrence of the event y=1 and

the non-occurrence of the event $y=0$.

$$y = \begin{cases} 1 = \text{occurrence of the event} \\ 0 = \text{nonoccurrence of the event} \end{cases} \quad \text{This formula is used to describe why}$$

the value of dependent variable y in the Logit regression model must be 0 or 1.

Many techniques can be employed to analyze the dependent variables value at 0 and

1. Normally P represent the probability for the event to happen. Then $1-P$ represents the probability the event do not happen. And P is regarded as the linear function of independent variable x ,

$P=P(y=1|x)$: The probability of $y=1$ when the independent variable is x , that is when the hypothesis is valid. $1-P=P(y=0|x)$: The probability of $y=0$ when the independent variable is x , which is when the hypothesis is invalid.

The odds of occurrence and nonoccurrence are the occurrence odds. Or the relative

risk, which is represented by $odds = \frac{P}{1-P}$.

It is in the form of logarithm, so this occurrence is a log odds, which is represented by

$$odds = \ln\left(\frac{P}{1-P}\right), \text{ in which } P \text{ is the probability of happening for one thing.}$$

The log occurrence odds is a special odds of P , which is the probability of occurrence of the event. After the logistic transformation, this function can be the Logit model for logistic regression:

$$\log it(P) = \log_e\left(\frac{P}{1-P}\right)$$

Logit in one way expresses that it is the transforming agent of P , which is the

probability of occurrence of the event. In another way, it ensures the traditional regression mode for the independent variable and dependent variable in the regression.

According to the definition of expectation of discrete random variable, $E(y)=1(P)+0(1-P)=P$. Then $E(y) = P = \beta_0 + \beta_1 x$. In which $E(y)$ is the mathematical expectation of y , β_0 is the constant and β_1 is the coefficient.

From the above analysis it can be concluded that when the dependent variable values at 0 or 1. The mean value $E(y) = \beta_0 + \beta_1 x$ always represents the probability when the independent variable $y=1$. Although this is concluded from a simple linear analysis, it can be expanded and applied in the case of multiple variables regression function.

$$E(y) = \log it P = \beta_0 + \beta_1 x_1 + \beta_2 x_2 + \cdots + \beta_k x_k$$

β_0 is the constant, while $\beta_1, \beta_2, \dots, \beta_k$ are the regression coefficient for k independent variables respectively, then, the logistic model is

$$\ln P / (1-P) = \beta_0 + \beta_1 x_1 + \beta_2 x_2 + \cdots + \beta_k x_k$$

(Homsmer & Lemeshow 2000, 52-70)

In the questionnaire survey in Part 1 that was conducted in the first part of May, 2011 in the first line cities of China toward the real estate buyers, 325 questionnaires were issued and 312 were collected. Among them there are 306 valid questionnaires. After processing the data by SPSS, we get this table:

Table 2: The results of this Logit regression of the data collected from the questionnaire survey in the empirical research

Variable	B	SE	Wald	df	Sig.	Exp(B)
x1 vanity	0.135	0.2457	0.0921	1	0.7362	0.8257
x2 location	-0.338	0.1883	0.0941	1	0.6593	1.2845
x3 investment	-0.176	0.1475	0.3769	1	0.0038	1.9412
x4 price	0.071	0.2644	0.4523	1	0.0362	0.8962
x5 quality	-0.068	0.2005	0.0840	1	0.0083	1.7356
x6 corporate image	0.038	0.1357	0.0909	1	0.0069	1.9785
x7 property management	-0.063	0.3241	0.8331	1	0.7692	0.8361
x8 external environment	0.653	0.2198	0.4876	1	0.5099	1.2036
x9 affiliated facilities	-0.164	0.2476	0.8542	1	0.0368	1.3985

Constant	86.38%
accuracy	6.8056 (df = 8, Sip = 0.5978)
HL index	83.6802
Model	
Chi Square X2	

In the Logit regression model, if the value of $\text{Exp}(B)$ is above 1, the probability for the occurrence of the corresponding factor is bigger, which means this specific factor has a positive effect on the dependent variable y , or it is positively related with y ; on the contrary. If the value of $\text{Exp}(B)$ is below 1, the probability for the occurrence of the related factor is smaller, which means this specific factor has a negative effect on y . Here y means the willingness of buying the real estate product of China Vanke Co., Ltd.. The results of the Logit regression model shows the probability of occurrence of x_2 serving as investment. x_5 the good quality of the house. x_6 the good image China Vanke Co., Ltd. has established are bigger, moreover. They are significant on the 1 level. x_9 the existence of affiliated facilities also enjoy greater probability of occurrence, but on a lower significant level. The other factors are not significant. x_4 Price is also significant on the 5 level, but it has a negative effect on y , thus it is a significant negative factor.

1) X1: Vanity. According to table two, vanity or for the seeking of social status was not a significant factor. And it is on the negative side, which means people are very rational on buying the real estate, and they do not from where they live to decide their social status. This result shows that the buying behavior of real estate in China is becoming more and more pragmatic. The hypothesis that people buy China Vanke Co., Ltd. 's real estate products were falsified by the Logit regression analysis.

2) X2: The location of the real estate. The location of the real estate was a significant factor. Based on the results in table 2, the Exp(B) value of x2 shows location was an important factor when the real estate buyer were making their decision to buy. A good location can dramatically increase the willingness of buyers in buying the real estate.

3) X3: Serving as a way of investment. It is true that investment in real estate is a common phenomenon worldwide based on the investigation of Chaney et al. (2010, 213). But the research shows that in China the investment on real estate was in a higher degree than other parts of the world. The results on table 2 shows serving as a way of investment was a very significant factor that has positive effect on the dependent variable y. The willingness of buying the house of China Vanke Co., Ltd. The EXP(B) value of x3 was 1.9412, which means if the intention for investment need increase by one times. The willingness of buying the real estate products of China Vanke Co., Ltd. will increase by 1.9412 times of the increase in the need for investment. If the need for investment was so strong, it was no wonder the real estate

price went up 20% year by year in the past 20 years (China Index Academy 2013).

The need for investment pushed up the real estate price, the increasing of price will in turn improve the expectation on investing in real estate. In this way, an escalating cycle was formed, and the real estate industry of China was built on this escalating cycle. The results from the empirical analysis confirmed that hypothesis question 3.

(Chaney et al. 2010, 213; China Index Academy 2013)

4) X4, the price of real estate. According to the results in table 2, x4 the real estate price as a factor that was significant in 5 level with a negative effect on y was confirmed with hypothesis question 4, it was also confirmed with the supply demand theory in macroeconomics. According to Foster (2013, 25), the higher the price of a product, the lower the demand will be. This negative relationship was proved clearly by the results in the Logit regression analysis. (Foster 2013, 25)

5) X5, the good quality of the house. The good quality of the house was a significant and positive factor, although the good quality of any product is a prerequisite in any market was a must. In China it was not. According to China Index Academy (2013), on the beach of Shenzhen hundreds of tons of sea sand were carried to the projects in Shenzhen city. Sea sand contains too much chlorid-ion that it can erode the steel bar in the concrete and shorten the life of the building, when those news was exposed. Even the highest building in construction in South China was affected. This news shows the quality problem of real estate in China is common. The buyers know it, it is the reason why the good quality of the house is a significant positive factor, and an

important factor for determining the willingness of buying real estate. (China Index Academy 2013)

6) X6: The good image China Vanke Co., Ltd. has established in the market. The good image China Vanke Co., Ltd. has established in the market is also a significant positive factor, it takes long time and good quality always to establish a good public image for the company. Customers believe no company can afford to hurt its own image by supplying just one or two bad quality products. China Index Academy (2013) has shown quality problem is common in the real estate market of China. But as one of the famous real estate developers in China, China Vanke Co., Ltd. should provide good quality real estate products is the common view among the real estate buyers. It is for this reason the good image of China Vanke Co., Ltd. It was one of the significant positive factor that affect the willingness of buying real estate in customers. (China Index Academy 2013)

7) X7: The existence of China Vanke Co., Ltd.'s property management team. The exist-ance of China Vanke Co., Ltd.'s property management team was a negative factor, but it was not significant. This result shows the property management of China Vanke Co., Ltd. is not good enough to help its sales. In this part, China Vanke Co., Ltd. should do better. At present, the property management of China Vanke Co., Ltd. is just a little bad, but not bad enough to affect the willingness of buying the real estate of China Vanke Co., Ltd.

8) X8: The quality of the external environment of the real estate. The quality of the external environment of the real estate is not a significant factor. It means the relationship between the quality of the external environment of the real estate and the willingness of buying the real estate is not strong. The real estate buyers do not care so much about the external environment. Because price and quality are deemed as the most important factors, if the price and quality was confirmed to expectation. The requirement on external environment will be sacrificed.

9) X9: The existence of affiliated facilities, such as supermarket, school and hospital. The existence of affiliated facilities in this research was a positive factor but not a significant factor. The existence of affiliated facilities such as supermarket, school and hospital will make the life more convenient, but the case was similar with the quality of external environment. The buyers cares more about the price and quality, and they are forced to make compromises on the requirement of the existence of affiliated facilities.

TABLE 3: Frequency of the independent factors

Frequency Item	1	2	3	4	5	Sum
X1	103	89	65	30	19	1236
X2	11	56	72	98	69	306
X3	23	26	66	103	88	906
X4	105	92	60	33	16	306
X5	22	41	50	72	121	306
X6	39	444	61	65	97	706
X7	67	69	65	43	62	306
X8	85	60	14	68	79	306
X9	54	59	53	72	68	306

TABLE 4: Frequency of the dependent factor Y

Value Item	Yes	No	Sum
Y	230	76	306

The significant factors in the first survey analysis were the location of the real estate, the price of the real estate, the quality of the real estate, and image China Vanke Co., Ltd. The price of real estate was strong negative factor that affects the willingness of buying the real estate product of China Vanke Co., Ltd. The findings in the empirical research mean the quality, location, serving as a way of investment. Image of the real estate of China Vanke Co., Ltd. were helpful in attracting people to buy the real estate

of the company. But if high price still go up, the willingness will be lower. The first survey research also found that China Vanke Co., Ltd. was not good enough in its property management. The company should do something to stop it before it becomes a problem.

The survey analysis has been shown in selecting the real estate. People mainly consider the following factors : will it be good enough to be an investment object, low price, good quality, location and good developer image.

4.2.3 Results from the case study

There were 220 case study questionnaires issued, but there are only 212 case study questionnaires collected, and all of them are valid. The respondents were the ones who went to the real estate sales center of China Vanke Co., Ltd. in the first line cities, such as Beijing, Shanghai, Guangzhou and so on. The respondents were in three groups : respondents to the questionnaire of regression survey research, respondents to the questionnaire survey of case study and respondents to the interview.

1) Do you have intention to buy the real estate products of China Vanke Co., Ltd.?

In the first place, we need to find out whether our participants have the intention to buy real estates from Vanke Co., Ltd.. In this way, we are able to ask further deeper questions. This question set was helpful for us to understand current situation of Vanke Co., Ltd.

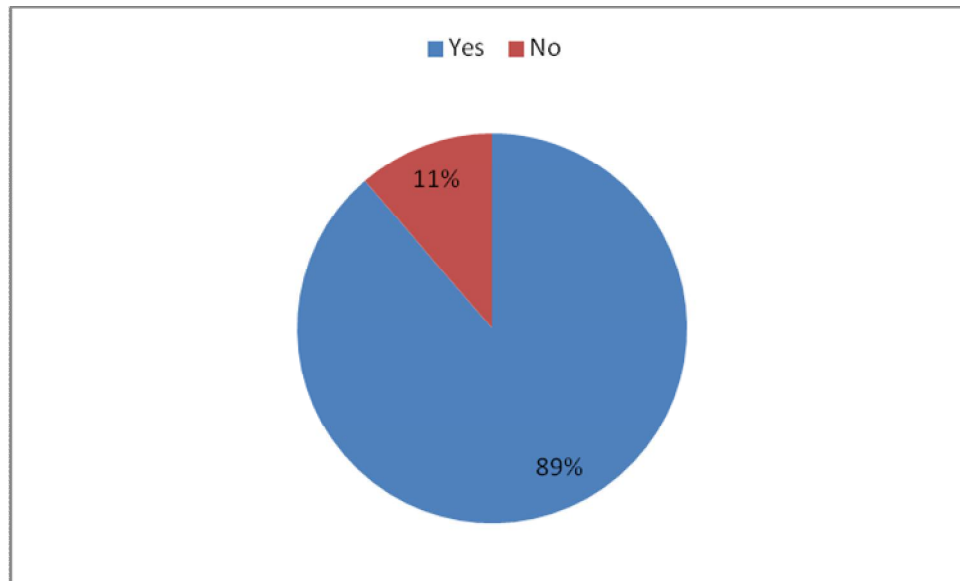


FIGURE 1. Respondents' Purchasing Intention Composition (n= 212)

The majority of people have the intention to buy the real estate of China Vanke Co., Ltd. This result means the real estate of China Vanke Co., Ltd, was welcomed by the customers. Because there must be some particular characteristics existing in China Vanke Co., Ltd. that make the brand of Vanke Co., Ltd. so welcomed and attractive.

2) To what extent do you think the real estate products of China Vanke Co., Ltd. are appealing to you?

This question was to judge the interests or willingness of participants in 4 levels : very strong, strong, just so so and not at all. It really matters if a customer is in strong willing or not, this is helpful for company to understand the potential customers and space of development.

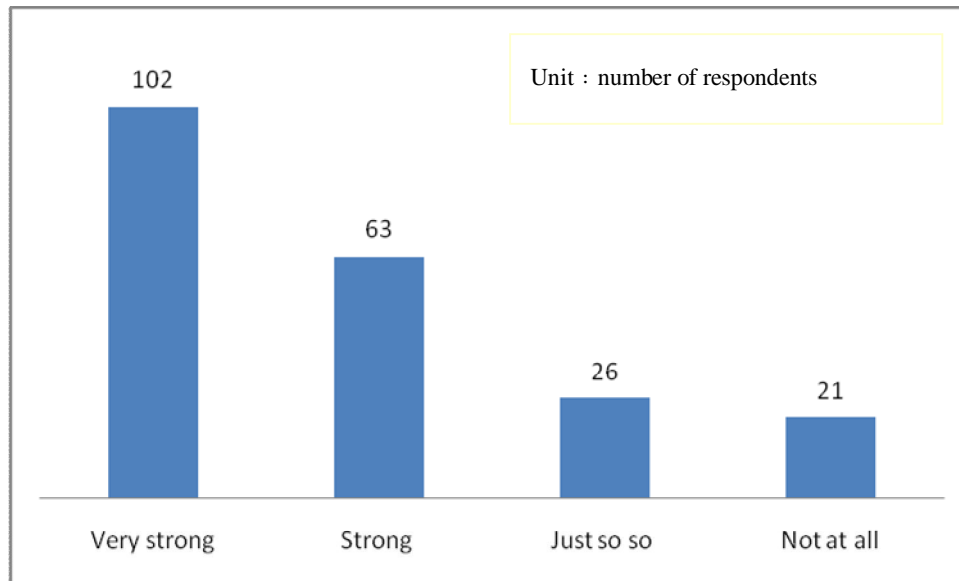


FIGURE 2. Willing Degree for Vanke Co., Ltd. Company's Products (n= 212)

Figure 2 shows that the majority of respondents, show a very strong feeling for the real estate products of China Vanke Co., Ltd, but it was not confirmed with the high rate of intention. Some of the buyers who think the real estate products of China Vanke Co., Ltd. was just so so, but they still have the intention to buy. Thus it was necessary to find out why the real estate of China Vanke Co., Ltd. was not so appealing, and why some of the customers still want to buy it.

3) What do you think are the most appealing selling points of China Vanke Co., Ltd.'s real estate products?

To fully understand the company's product, we need to know its selling points, which connect with its competitive edge. People commonly consider these aspects : location, quality, affiliated facilities, design and style and competitive price by collecting the concerns of each aspect. We can see clearly what the company needs to focus on and to improve.

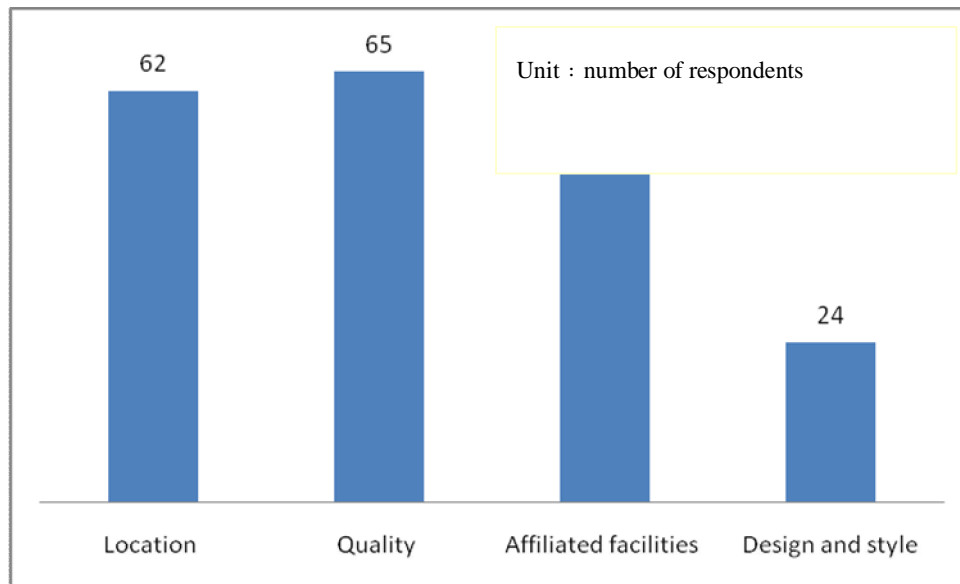


FIGURE 3. Products ´ Selling Characteristics (n= 212)

Figure 3 shows that location, quality and affiliated facilities were the factors the customers deemed to cherish most. While design and style, competitive price was not some distinct, which means design and style and competitive price were either not considered when making the buying decision, or China Vanke Co., Ltd, was not good in design and style and the real estate price was relatively high.

4) What do you think is the part of the real estate products of China Vanke Co., Ltd that should be improved?

To those who know the company's products, it was useful to get feedback and opinions from them. With this feedback, we are closer to customers and better understand the customer needs and shortcoming of our products. Then it was more efficient to adjust to these expectations, the changes will be targeted and worthy of doing.

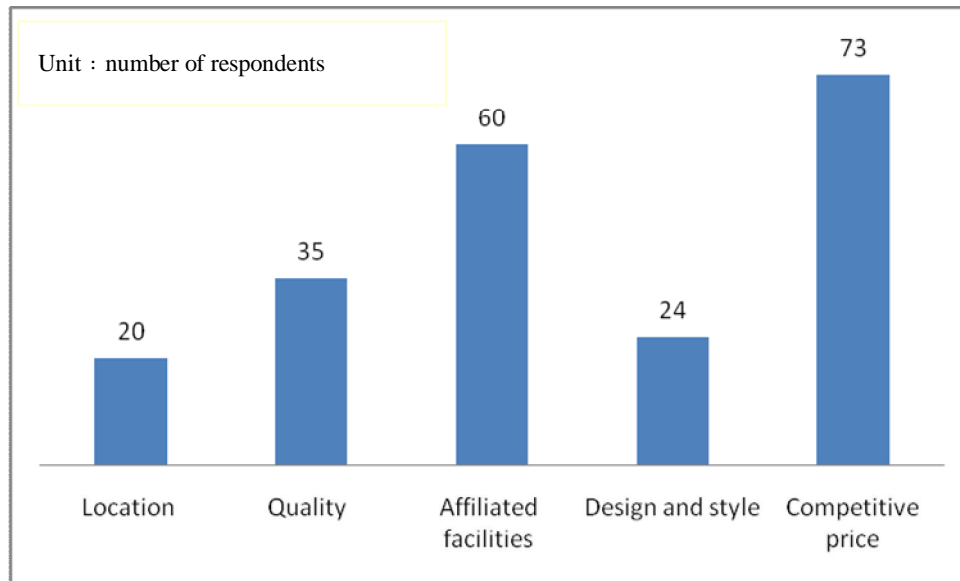


FIGURE 4. Distribution of Product 's Parts in Need for Improvement (n= 212)

Figure 4 shows that the affiliated facilities and competitive price needs to be improved. It means the price of China Vanke Co., Ltd. was a little higher compared with the real estates of other developers. This result was confirmed with the results of question 3. But the item affiliated facilities earned high score in both of question 3 and question 4. It means although China Vanke Co., Ltd. is good at this item, customers still expect China Vanke Co., Ltd. to be better on this subject.

5) From which media did you find out about China Vanke Co., Ltd.?

We need to know the media of how people know this company, and then we could make clear of those channels before advertising. Today the media is varied, but the main ones are : newspaper, gossips, TV, radio, internet, fair and outdoor advertisement.

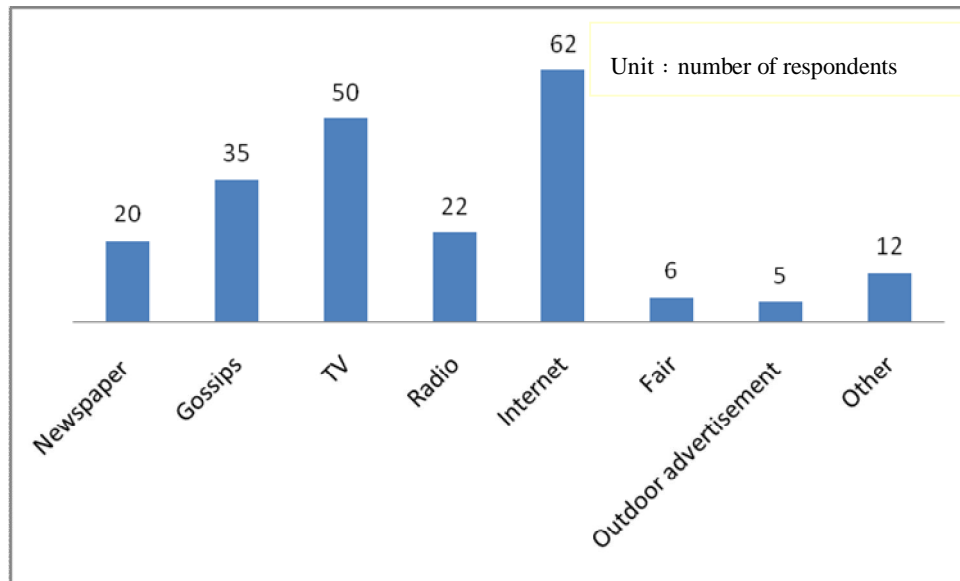


FIGURE 5. Media Distribution of Knowing China Vanke Co., Ltd. (n = 212)

How do the customers know about China Vanke Co., Ltd. is about marketing communications. Among the seven kinds of marketing communications: newspaper, gossips, TV, radio, internet, fair and outdoor advertisement and other that are not contained. Figure 5 shows most of the people know China Vanke Co., Ltd. from internet, then from TV, gossip is the third, the effect of gossips should not be underestimated. In China, there is a peculiar culture that people will talk about the pros and cons of any products. In the gossips the “koubei” of the product is defined. Here “koubei ” is the pronunciation of a Chinese word. A monument cannot be changed easily once it was established, so does the reputation of a product in gossips. The results in this question also reflected the downgrading of traditional media such as newspaper, radio and TV. Although TV is still an important communication method, it is excelled by internet. Although real estate fair has been regarded as an important way for marketing (Tang 2008, 198), in this research, it was not as effective as the internet marketing proposed by Liu (2008, 22). In this question, internet marketing, TV and gossips were proved to be the most effective marketing communication approaches. (Tang 2008, 198; Liu 2008, 22)

6) What is your purpose in buying a house?

The reasons for buying a house are diversified, such as for investment (Li 2008, 76), for self-living, for marriage (Liu 2008, 76), for improving the living standard, currently does not own a house, for providing living space for parents (Zhou & Lin 2012, 59), for the convenience to work, for the education of children (Leung 2010, 40). Among them some of the factors are hard to be understood by people in other countries and other cultures. For example, buying a house for the education of children is characteristic for China. According to Leung (2010, 40), the education resource in China is distributed in an uneven way, so that there are big schools and bad schools in every level of school from elementary school to high school. Buying house for the education of children is for competing the good elementary schools and middle schools. In China people do not have the right to choose which school they should attend, which was decided by where they live. Thus the houses that will entitle them to send their children to a better school will become popular. The other particular item was buying room for parents. According to Zhou & Lin (2012), the family structure of China is different from the West. In China, family members used to depend on each other., thus it is normal for the children to buy a house for the parents. While in the West, it is unbelievable. (Liu 2008, 76 ; Zhou & Lin 2012, 59 ; Leung 2010, 40)

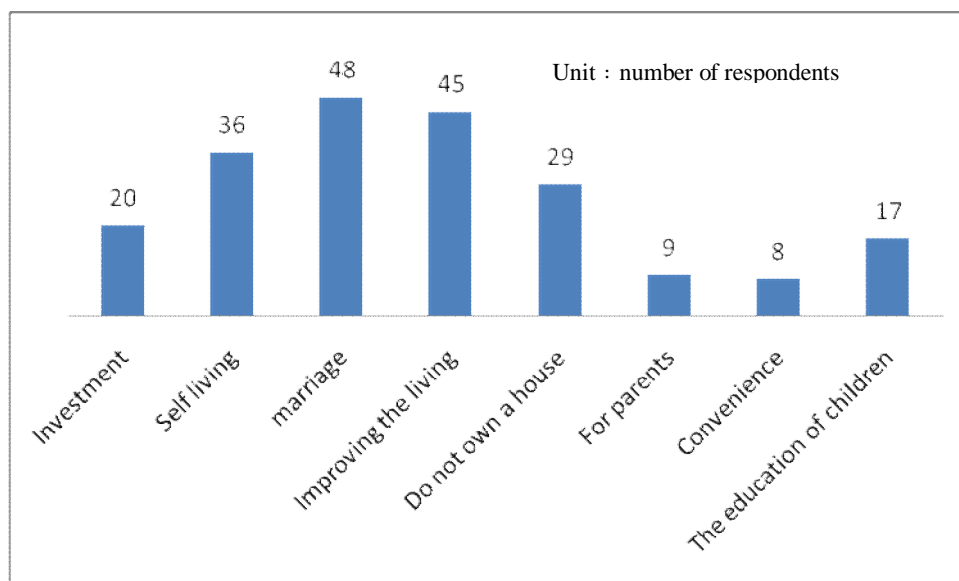


FIGURE 6. Purchasing Purpose in buying a house (n= 212)

Figure 6 shows that the purpose for buying a house was rather diversified, the number one was buying house for marriage. Buying house for marriage is also related with the tradition and culture of China. In China marriage means building a home of one's own, but how a home could be built without a physical house of one's own. Besides that, not owning a house will be laughed at by others (Li 2008, 33), thus it is reasonable that people buy a house for marriage and start a new part of their life with buying a house. The item ranked second is for improving the living quality. Investing in real estate is popular in the world, and in China it is in a higher degree. In the empirical analysis it was a significant positive factor. And in this case study, it was still an important purpose for buying a real estate. Buying house for the education of children was also an important purpose for buying real estate, which is quite characteristic for China. (Li 2008, 33)

7) What do you think is the tendency of real estate price in 2013?

It is quite beneficial to know how do customers forecast the tendency of real estate prices in 2013, which would influence their purchasing behavior.

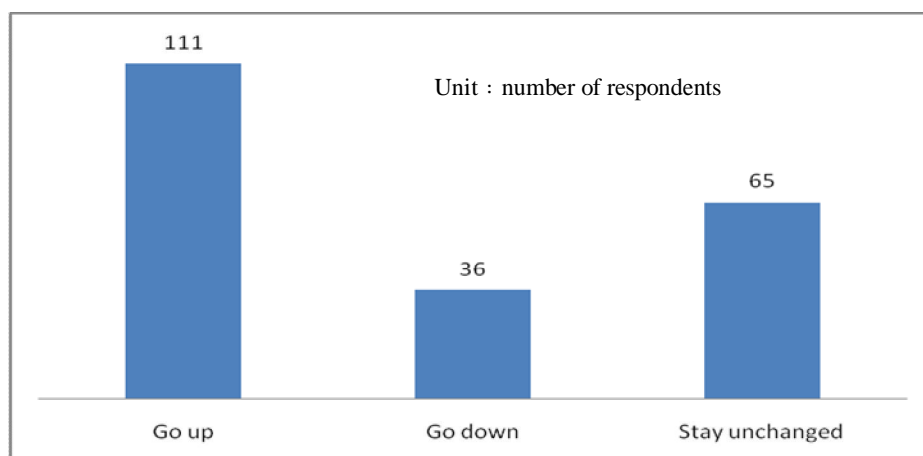


FIGURE 7. Tendency in Real Estate Prices in 2013 (n= 212)

The tendency of the real estate price can affect the buying behavior of the customers, here the majority of people think the real estate prices will go up. Second group of

people think it will remain unchanged, only a few people believe it will go down. This tendency will drive up the real estate price, it was what the majority believes that could determine the future price of real estate and the buying behavior. In this situation, it was reasonable to predict that for the anxiety of the rising of real estate price. People will still rush to buy the houses with their limited means and loan.

8) What do you think is the tendency macro control policy on real estate?

It is useful to know how customers think of the macro control policy on real estate. The macro control policy is the direct intervention of the economy by the government. The macro control policy such as the quota policies can surely affect the real estate price, but it may not be in the way the government expected. According to Zhou & Lin (2012, 120). The macro control policy did not help in controlling the real estate price in recent years. (Zhou & Lin 2012, 120)

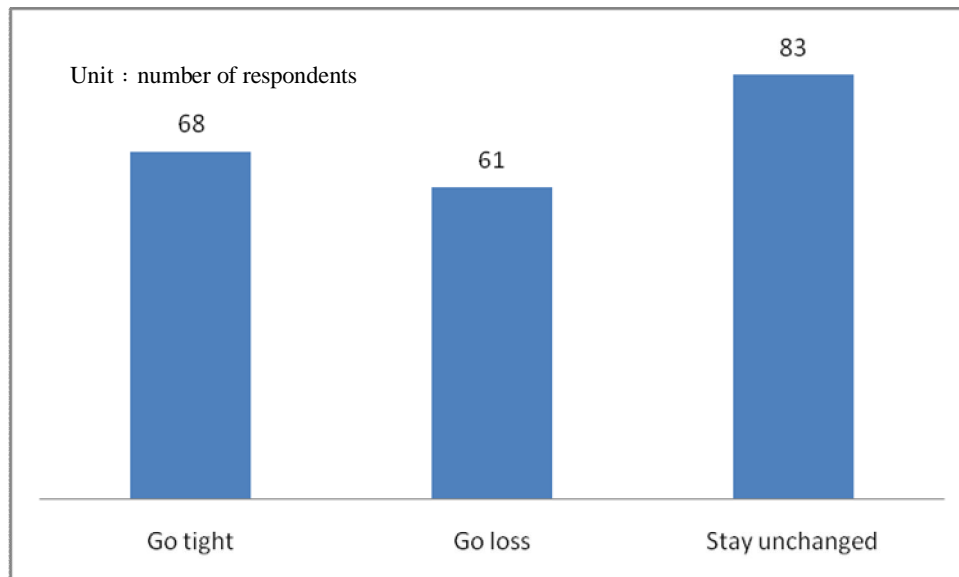


FIGURE 8. Tendency in Macro Control Policy of Real Estate (n= 212)

The intention of the macro control policies are controlling the real estate price, the opinions on this issue were rather scattered. Both of the three options have earned a lot of votes, but there were more people who think that the macro control policy could stay unchanged.

9) What is the appropriate purpose for the macro control policy of China according to your opinion?

According to China Index Academy (2013), when making the macro control policy on real estate, there are two kinds of considerations, which are lowering the real estate price and improve the economic stability of the nation. (China Index Academy 2013)

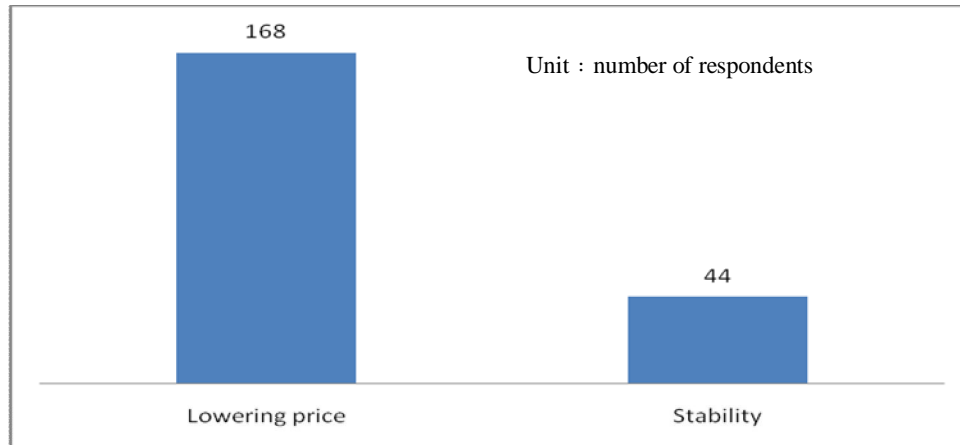


FIGURE 9. Purpose of The Macro Control Policy of China (n= 212)

Macro control policies could affect the real estate price, the real estate buyers expect the government to make policies to lower the price.

10) Is this your first time to buy a house?

This question was helpful to see the current market demand of houses.

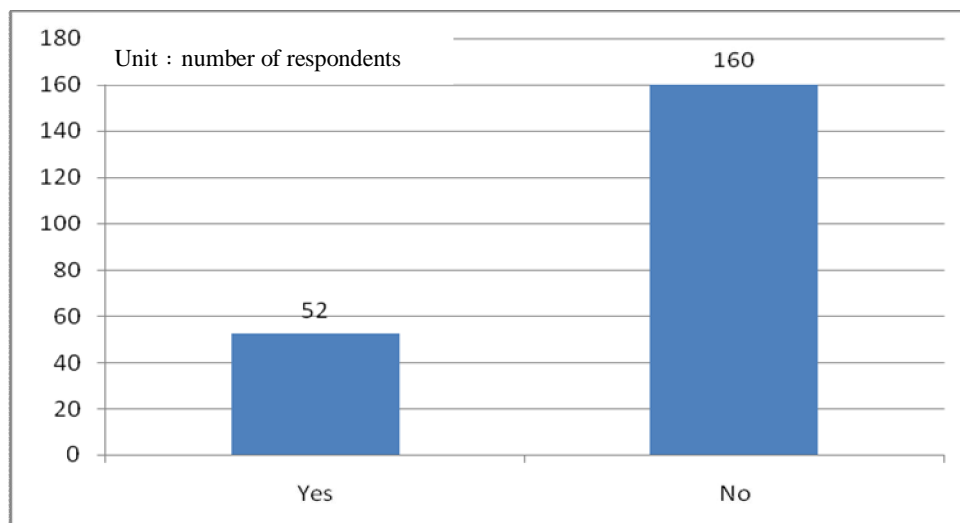


FIGURE 10. Frequency Composition of Buying House (n= 212)

Figure 10 shows that the majority of people are planning to buy their first houses. This result shows China is still in the process of urbanization. According to Wang et al. (2012, 66), in the process of urbanization, more and more people will come to the city and they will need a house. It is not only the new generation of children, but also the newcomers that were helping the boom of real estate market of China and the rising of real estate price. (Wang et al 2012, 66)

11) In which way will you buy the houses?

The way people buy their house can reflect the condition of the real estate market. If the majority is by loan, it means the generating of economic bubble.

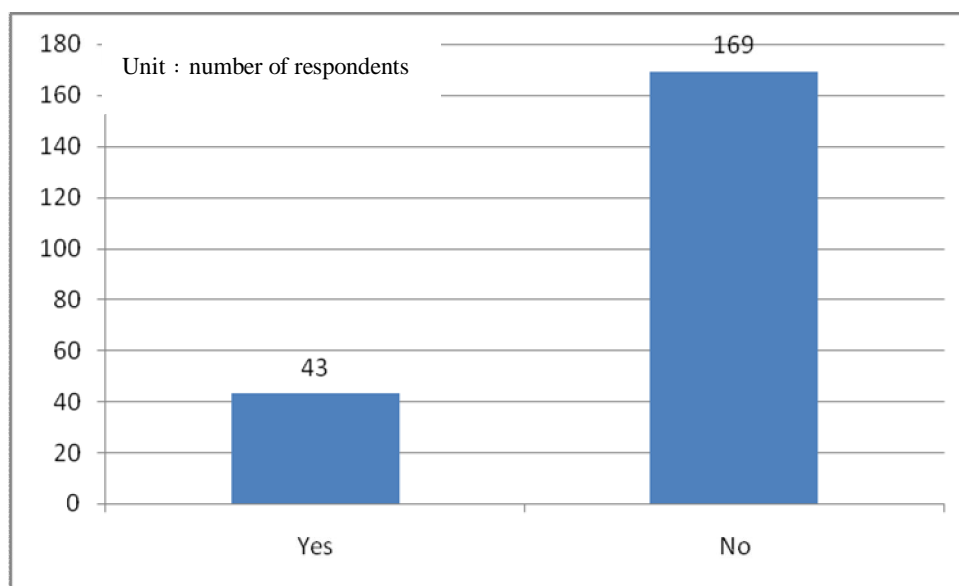


FIGURE 11. Financing of Purchasing House (n= 212)

Figure 11 shows that the majority of people will choose to buy the house by loan. Some of them with the purpose of buying house for investment choose this mode, because in this way, they could buy more houses with less money. The ones who really need houses choose this mode, because they lack money.

12) How far can you accept the location of the house from your working place if measured by bus?

The distance from the working place to the location of the real estate is an important significant positive factor, it has been identified in the empirical research. The distance was measured by the time it takes by a bus. Distance is measured by 5 minutes at the most, 15 minutes at the most, 30 minutes at the most, 60 minutes at the most and 120 minutes at the most.

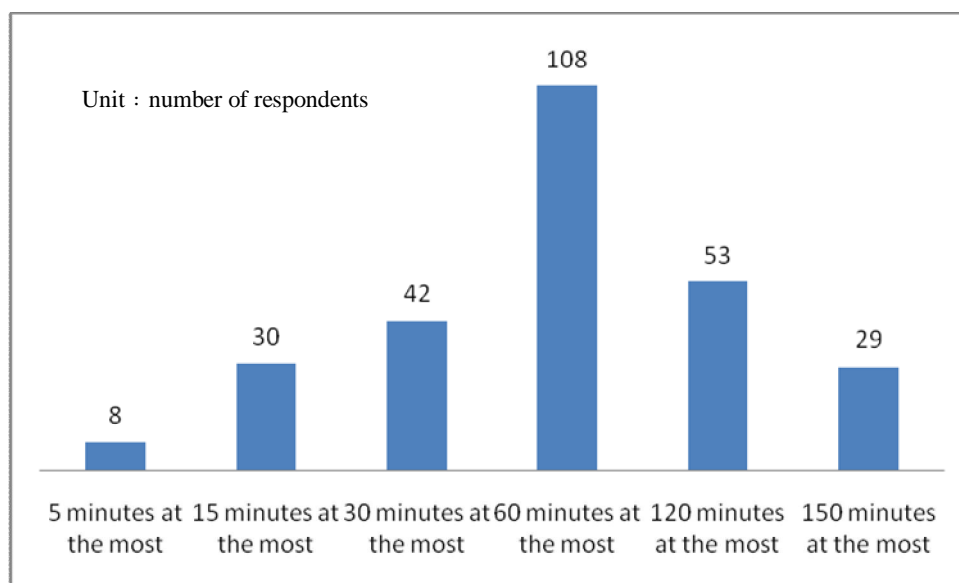


FIGURE 12. Time Acceptable from Working Place to the Location of The Real Estate (Measured by Bus) (n = 212)

Figure 12 shows that most people can accept the distance of 1 hour by bus. People who can accept 120 minutes at the most and 150 minutes at the most ranked second and third separately. It means it will take them two to three hours to go to work by bus every day. The high degree of acceptance in long commute time means the critical situation of the real estate market of China, to own a house, a big proportion of people are willing to spend more time on the road and shoulder the burden of loan.

13) What are the main factors in your consideration in buying the house?

The possible factors that can affect the consideration and decision making of buying a house: location, environment, affiliated facilities, transportation, design, price, property management, and developer.

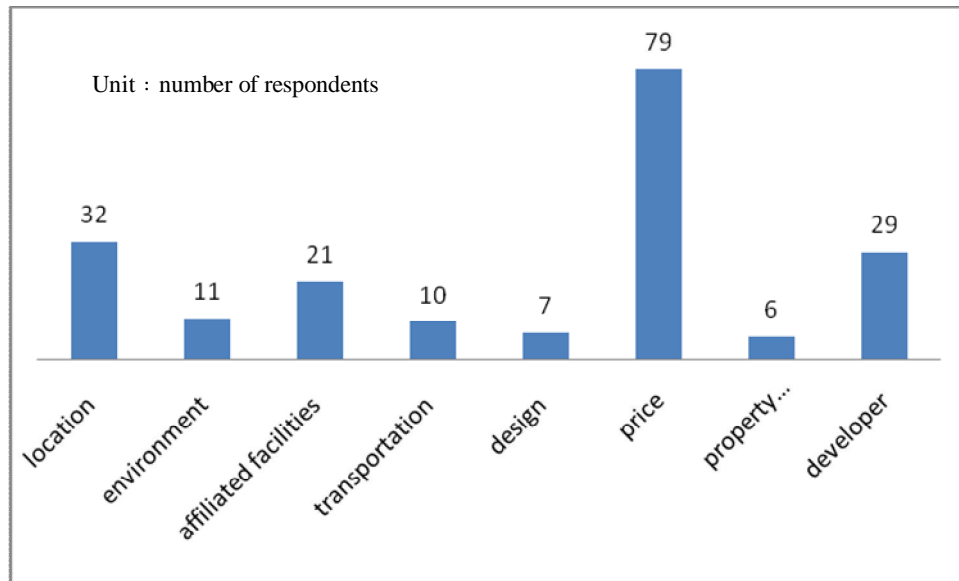


FIGURE 13. Factors in Consideration when Buying the House (n= 212)

According to the results in figure 13, the real estate buyers in the first line cities of China represented by the respondents of this survey were rather price sensitive. In making the decision for buying real estate, price was their primary concern. The other considerations were on location, developer, and affiliated facility, but their weight was much lower.

Results from interview: Only 42 interviews were carried out and all of them were valid, based on the analysis on the data collected from respondents by interview. Price was the most frequent item they talk about. In their opinion, the situation was not what www.vanke.com (2013) stated that the real estate of China Vanke Co., Ltd.'s houses are for most of the people. They stated that it takes a middle to high level income family to afford the houses of China Vanke Co., Ltd. Their second concern in making

the decision of buying the real estate is the location. In fact, these factors were interrelated, location was related with transportation and environment. And thus it was deemed to be important by many of the respondents. The result of the interview also shows the respondents were curious to know the design and allocation of the suit, but in making the decision, they still care most about price. Interviews also show that the respondents were also affected by news that the floor board China Vanke Co., Ltd. used was suspected of containing too much methanal. It was harmful for human body. The author phoned the marketing department of many branches of China Vanke Co., Ltd. staff members for interview. But they declined for the sake of corporate policy, thus the data on this issue was not collected. But this research is focus on the buying intention and behavior of customers, thus the lack of information on the subject can not affect the result of this research.(Vanke 2013)

5 SUGGESTIONS TO DEVELOP "VANKE" AND CONCLUSIONS

The significant factors in the survey analysis are the location of the real estate, the price of the real estate, the quality of the real estate. Among them all are positive factors except price, the price of real estate was a strong negative factor that affects the willingness of buying the real estate product of China Vanke Co., Ltd.

The findings in the survey research mean the quality, location, serving as a way of investment. But if high price still goes up, the willingness will be lower. The survey research also found that China Vanke Co., Ltd. was not good enough in its property management. The company should do something to stop it before it becomes a problem. The case study has shown respondents were most satisfied with the house location, quality and affiliated facilities. There were the factors the customers deemed to be most cherished factors by the customers, while design and style, competitive price was different. But people expect China Vanke Co., Ltd, to do more on reducing price and build more affiliated facilities. As for the marketing communication, most of the people know China Vanke Co., Ltd. through internet. TV as the head of traditional media ranked the second, which requires the marketing of China Vanke Co., Ltd. to catch up with time and invest more on internet marketing.

5.1 Role of marketing communication in selecting the real estate company and making the buying decision

How the customers know about China Vanke Co., Ltd. was about marketing communications. Among the seven kinds of marketing communications, which are newspaper, gossips, TV, radio, internet, fair and outdoor advertisement and other that

are not contained. Figure 5 shows most of the people know China Vanke Co., Ltd. from internet, then from TV, gossip is the third, although real estate fair had been regarded as an important way for marketing (Tang 2008, 42). In this research, it was not as effective as the internet marketing proposed by Liu (2008, 123). In this question, internet marketing, TV and gossips were proved to be the most effective marketing communication approaches. (Tang 2008, 42; Liu 2008, 123)

The effect of gossips should not be underestimated. In China, there is a peculiar culture that people will talk about the pros and cons of any products. In the gossips the " koubei " of the product is defined. Here " koubei " is the pronunciation of a Chinese word, which can be translated directly as mouth monument. The results in this question also reflected the downgrading of traditional media such as newspaper radio and TV. Although TV is still an important communication method, it is excelled by internet.

5.2 Suggestions for developing China Vanke Co., Ltd.' s business

According to the results in the empirical analysis, the company should increase the effect of significant positive factors, such as the investment value, good location, quality and corporate image. The company should also reduce the effect of significant negative factor, such as the price of real estate. Attention should also be paid to the insignificant negative factors such as property management. The company should take measures to correct it, and make it a competitive advantage rather than a weakness for the company. In the marketing communication part, most of the people know China Vanke Co., Ltd. through internet. TV as the head of traditional media ranked second. It requires the marketing of China Vanke Co., Ltd. to catch up with time and invest more and internet marketing. Internet marketing is not as expensive as making advertisement on TV, but it is as effective. Based on the research the suggestions for China Vanke Co., Ltd. can be concluded into five aspects:

1) Controlling the price

The research has shown most of the real estate buyers think the price of the real estate of China Vanke Co., Ltd. was too high. Price is the most unwelcomed part in all the feathers of China Vanke's real estate.

2) Enhancing the investment on online marketing

China has the largest number of netizens in the world, in 2012 the number of Chinese netizens was 538 million, 17 percent of the number of all the netizens of the world. Unfortunately, online market as the untraditional way of marketing becomes more and more important.

3) Controlling the quality

As the analysis has shown. Quality problem can lead to serious public crisis and hurt the public image of the company, it takes a lot a effort and long time to build the brand image but the image can be destroyed by only one accident.

4) Following the policy of the country

The research has shown that in order to control the real estate price, China has passed many policies, these policies have profound influence on the market. For this reason, China Vanke Co., Ltd. should pay more attention to the change of macro control policies to stay in a better position for competition in the market.

5.3 Evaluation of the thesis process and own work

This research proved one thing to me, there is rule in the chaos. By clooecting and analyzing so many data, the characteristics of buying behaviors are clearly worked out. But there is something that are not perfect in this research, the first is the limited sampling. Among the millions of buyers of China Vanke Co., Ltd. ´s real estate, only

several hundreds of samples may not reflect the real condition of the whole group. Besides that, the condition is changing, now that Vanke Co., Ltd. is expanding to the second line and third line cities in China. The samples in this research are only collected in the first line cities, thus it can not be applied to solve the current expansion strategies for Vanke Co., Ltd. In the second and third line cities of China.

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APPENDICE

Appendix 1 Questionnaire of the survey research

All the information collected is for statistic purpose only. The purpose of this survey is for accessing the factors that affect the willingness of buying China Vanke Co., Ltd.'s real estate products. The data collected will go through a Logit regression model to access their significance.

Part One

Please tick on the item that is confirmed with you.

1. Do you have the willingness to buy the real estate products of China Vanke Co., Ltd. ?

Yes ☐ Maybe ☐ No ☐

2. How old are you?

1. 20 – 30 years old ☐ 2. 31 – 40 years old ☐ 3. 41 – 50 years old ☐

4. 51 – 60 years old ☐ 5. 61 year old and above ☐

3. What is your gender?

1. Male ☐ 2. Female ☐

4. What is the type of your permanent registered place certificate?

1. Urban ☐ 2. Rural ☐

5. What is your occupation?

1. Student ☐ 2. Teacher ☐ 3. Doctor ☐ 4. Nurse ☐

5. Worker ☐ 6. Manager ☐ 7. Others ☐

Part Two

Please tell us your opinion on the following words, and tick on the item you deem to be confirmed with your opinion.

	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
1. The houses of Vanke Co., Ltd. Are really good, it is the symbol of ones social status	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. The better the location of the real estate is increase in your willingness to buy the real estate product of Vanke Co., Ltd.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. The higher the real estate price of Vanke Co., Ltd., the less intention you will show in buying it.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. Buying the real estate product of Vanke Co., Ltd., because the price of Vanke Co., Ltd. will increase.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. You are interested in real estate product of Vanke Co., Ltd., because you believe the quality control of Vanke Co., Ltd. Products is good.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. You come to visit the sales center of Vanke Co., Ltd., because the promotion of the company has expressed you.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. The better the quality of external environment, the more willingness you will show in buying the real estate of Vanke Co., Ltd.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

8. The existence of affiliated facilities nearby can increase your willingness of the buying real estate of Vanke Co., Ltd.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9. It is more trustworthy than other real estate considering there are many accidents caused by poor building quality in China.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Appendix 2: Questionnaire in the case study

Part One

Please tick on the item that is confirmed with you.

1. Do you have the willingness to buy the real estate products of China Vanke Co., Ltd. ?

Yes ☐ Maybe ☐ No ☐

2. How old are you?

1. 20 – 30 years old ☐ 2. 31 – 40 years old ☐ 3. 41 – 50 years old ☐

4. 51 – 60 years old ☐ 5. 61 year old and above ☐

3. What is your gender?

1. Male ☐ 2. Female ☐

4. What is the type of your permanent registered place certificate?

1. Urban ☐ 2. Rural ☐

5. What is your occupation?

1. Student ☐ 2. Teacher ☐ 3. Doctor ☐ 4. Nurse ☐

5. Worker ☐ 6. Manger ☐ 7. Others ☐

Part Two

Please tell us your opinion on the following words, and tick on the item you deem to be confirmed with your opinion.

1. Do you have intention to buy the real estate products of China Vanke Co., Ltd.?

Yes ☐ No ☐

2. To what extent do you think the real estate products of China Vanke Co., Ltd. are appealing to you?

Very strong ☐ Strong ☐ Just so so ☐ Not at all ☐

3. What do you think is the most appealing selling points of China Vanke Co., Ltd.'s real estate products?

Location ☐ Quality ☐ Affiliates ☐ Design and style ☐

Competitive price ☐

4. What do you think is the part of the real estate products of China Vanke Co., Ltd that should be improved?

Location ☐ Quality ☐ Affiliates ☐ Design and style ☐

Competitive price ☐

5. From which media do you know about China Vanke Co., Ltd.?

News paper ☐ Gossips ☐ TV ☐ Radio ☐ Internet ☐ Real estate fair ☐

Outdoor advertisement board ☐

6. What is your purpose in buying the house?

☐ For investment

☐ For self living

☐ For marriage

☐ For improving the living standard

☐ Currently do not own a house

☐ For providing living space for parents

☐ For the convenience to work

☐ For the education of Children

For providing live space for the children ☐

7. What do you think is the tendency in real estate prices in 2013?

Go up ☐ Go down ☐ Stay unchanged ☐

8. What do you think is the tendency in macro control policy of real estate?

Go tight ☐ Go loose ☐ Stay unchanged ☐

9. What is the appropriate purpose for the macro control policy of China according to your opinion?

Lowering the real estate price ☐ The economic stability of the nation ☐

10. Is this your first time to buy a house?

Yes ☐ No ☐

11. In which way will you buy the houses?

By loan ☐ By cash ☐

12. How far can you accept the location of the house from your working place if measured by bus?

5 minutes at the most ☐

15 minutes at the most ☐

30 minutes at the most ☐

60 minutes at the most ☐

120 minutes at the most ☐

13. What are the main factors in your consideration in buying the house

Location ☐ Environment ☐ Affiliated facilities ☐ Transportation ☐

Design ☐ Price ☐ Property management ☐ Developer ☐