The Influence of Group References in Home Purchase Intention in Thailand

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Abstract
This paper's purpose is to study the importance of various reference groups which influence the intention to buy a house for the family living in Thailand since a house is a durable asset with a high price compared to earned income of the Thai citizens. Moreover, Thai style living is still more of an extended family. Therefore the decision made on acquiring such asset by a decision maker is normally came from many influences, which may include several generations in a family. The study adopted the well-known theory of planned behavior (TPB) of Ajzen (1991). The hypothesized dimensions of influencing groups, under the subjective norm of TPB, are the decision maker's spouse, their children, their elderly and friends. Factor analysis supports the 4 dimensions of subjective norm variables: spouse, children, elderly parents and friends. When all influential groups are combined into subjective norm construct together with other two important constructs of TPB which are attitude towards behavior and perceived behavioral control, the linear regression analysis shows that all 3 latent variables statistically influence change in home purchase intention. However, children seem to be the most influential dimension under subjective norm, followed by spouse. While elderly parents and friends reveal less Influence under subjective norm. This paper proposes a concept relating to Thai culture where a family often stays in a large family home. It is believed that the parents will have an influence on the intention to buy a house. However, when the idea of creating your own family comes, the influence of the reference group is evolving. This study divided the influential group into 4 dimensions according to the clarity of educational reference group effects of the subjective norms.

Keywords: Thailand, TPB, Home purchase intention, Group reference, Subjective norm

1.   Introduction

There are several factors when buying a house. Some literature has indicated that there are eight factors which can be applied when purchasing a home, the amount of rooms, quality of building, health facility, land size, location, finance, advertising and other factors (Levy & Lee, 2004; Witayapunpracha, 2003). Some have explored the factors that impact on the decision making can be described in three factors which are; the characteristics of the house, neighborhood and the developer (Manorungruengrat, 2009). From above literature the most influence is physical factor that is probably more likely to value the market, but may not yet concern the actual attitude of decision makers. According to Levy and Lee (2004) the measurement explored of the role and influence of the family are family characteristics, situational characteristics and individual characteristics. Some literature has examined the influence on the home purchase behavior. Those 4 major factors are external Influence, internal influence, self-concept and lifestyle (Luo & James, 2013) by a combination of all factors mentioned above. The studied tend to measure the source of influence that affects the result of the behavior. External influence often found as part of the influences that affect their behavior such as spouse, their children, and their elderly parents. These are part of the influences that affect behavior which are consistent with the country's culture and society. Foster family system (Khunsit, 2007; Sungkamanee, 2011) with the context of different Asian countries among Pacific islands and Asian families is that any decision made has been involved by family members. Compare Caucasian families that any decision uses a particular self- concept (Levy & Lee, 2004). Elderly in the Asian family plays a role in the family, such as the influence for the youngsters to grow into middle age. The supports from parents are also going on.

2.   Literature Review
2.1   Consumer Behavior
Consumers are the most important factor that will make any business run smoother. The strategy to study the behavior of consumers which are where, when, how and what to buy are the most important. Including a study of the factors that influence both internal and external such as self-concept, culture, age, and family for examples, helps to predict behavior and planning strategies (Kotler & Keller, 2012). Those behaviors are influenced by 3 main factors, namely, cultural factor, social factor and personal factor. Kotler and Keller (2012) give the definition of

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social factors that can be separated into 3 sub factors which are referenced group, family and social status. However, this study chooses to propose the influence of the referenced group.

2.2   The models of consumer intentions

The conceptual framework adopted the theory of planned behavior proposed by Ajzen (1991) which developed from the theory of reasoned action (Ajzen, 1980) by increasing the perceived behavioral control in order to predict behavior more efficient. The attitude of the person may not have a direct effect on consumer behavior, but will be considered with the options available and select the most satisfactory results. The results of those choices are intended to affect behavior. In theory, a pattern of behavior which are the measure of the intention of behavior that consists of three main factors, which help to predict, include attitude toward the behavior, subjective norm and perceived behavioral control (Ajzen, 1991).

2.2.1 Attitude toward the behavior (ATB)

Attitude toward the behavior is the belief that behavior will lead to certain results. The attitude of the individual is the measure of like and dislike an object (Ajzen, 1991). Attitude toward the behavior is the structure of behavioral beliefs and evaluations of the incident which means when people have faith in the knowledge that have been taken, they accesses to be the effect on behavior. If the consequences are likely to be on the positive side or useful, the person will have the extreme intention to that behavior. For example, when people trust in purchasing goods over the internet which is more important to identity theft concerns applying to the illegal, then they would be willing to purchase over the internet (George (2004).

2.2.2 Subjective Norm (SN)

Subjective norm is the awareness of social pressure from the referenced group that causes the person decision, the influence of an individual or group which agree or disagree with a given behavior which will affect their efforts. Subjective norm is the structure of normative beliefs and motivation to comply with the person is influenced by a reference group to consider whether it should or should not do anything. That person would be motivated either positive or negative that follow which expresses the influence of reference group behavior, for example, when a friend advised that the purchase of the internet is a wise thing. That person is likely to have a positive intention to buy via the internet (George (2004).

2.2.3 Perceived behavioral control (PBC)

Perceived behavioral control is the realization of a person's power to instate the behavior that indicates a person's view on the difficulty to use resource or opportunities under restriction that could affect actual behavior. Perceived behavioral control is the structure of control beliefs and perceived power which mean a belief about the factors which may conflict or promote the behavior and the power to control beliefs. For example, when perceived that there is enough information to make a purchase via the Internet, it is a belief in the positive effect to the intention to purchase products via the internet (George (2004).

2.2.4 Behavioral Intention

Behavioral Intention is the readiness of an individual to certain actions. The intention was to affect the expression of behavior continues.

2.3   Spouse's influence

A study by Levy and Lee (2004) described that the decision of family members has more influence than own needs. The influence of the family is joint decision matters; moreover, the study of Qualls (1984) compares the influence of a spouse with old and modern concepts. The results of old concept families (sex-role traditional), husbands will have more influence. And for modern concept families (sex-role moderns), despite husband has greater influence than wife, but there will be a compromise or a dialogue which shows the influence of the spouse who makes the decisions more clearly. In the process of buying the house, purchasing decisions can reflect the high risk and a financial burden that carries on in the hereafters.

2.4   Child's influence

The influence of children happens in many stages of buying process depending on the importance of products or services. Because parents try to focus on the democratization of the family, though the children influence in the decision making process, at the end parents will be the judge (Levy & Lee, 2004). According to five-stage model of the consumer buying process (Kotler & Keller, 2012), the influence of children will come early and then evaluation of alternatives and the purchase decision will be made by parents. For home, apartment, durable products as well, Swinyard and Sim (1993) found that children highly influence in the problem recognition stage at 36.8% and lowly influence in the actual purchase stage at 15.9%. Nonetheless, parents pay more attention on the role of children. The current social culture makes parents work harder, therefore they are available to stay with children and families

reduced and the expectation to well dribble. Parent hopes to pass on what suits the children best (Chaudhary, 2013).

2.5 Elderly Parents' influence

Past studies propose the influence of parent to children with a childhood age range (Chaudhary, 2013; Ward, 1974) which has a view of influence with the decision process of the children, both direct and indirect. Ward (1974) found that parents are influential in children in two ways, first, the influence of the parents spending behavior, and the second is through the parents control spending and consumption of children. The study believed that first influence from the parent still take effect until the children grow into teenagers. But second influence will carry on until children create their own family (Levy & Lee, 2004). Financial is a serious problem when buying a first home. In the past,

the parent shares an attitude of buying a home of their own rather than renting. That attitude makes parents to try to push their children to buy first home (Bedway, 1996). Gengler (2010) introduced guidelines for parents to help solve financial problems and approach to buying houses for their kids by providing financial assistance and an attitude of the importance of buying a home, makes kids desire to buy their first home. Compiled from four interviews who have the home buying experience and a willingness to purchase a home, of the four real estate types which are single detached house, duplex house, townhouse and condominium, factors related to the parents that influence the decision to purchase a home separate to two major factors which are elderly parents' attitude and elderly parents' finance.

2.6 Friends' influence

The individual's social circle tends to consist of at least one friend that could be either siblings or acquaintances. These friends are a referral group resulting from the exercise of common rules in the social club. And direct interaction or have activities together (Gillani, 2012). The influence of friends is causing pressure of needs to be joined or become a member. When joining this group, members would adjust their own habits accordance with the reference group. Whether intentionally or not, influence of friends will affect the normative attitudes and values (Childers & Rao, 1991). So, discovering the leader of the reference group would be easy to predict the behavior of the entire target group (Kotler & Keller, 2012). Influence of friends will cause a dramatic change during adolescence, which is spending time with friends in school than with family (Gillani, 2012). This period could receive the rules, attitudes and values of a group of friends greatly. And will be continued throughout from school to working life.

3. Methodology and Model

This study was adopted the theory of planned behavior as an appropriate theory to study the influence of the dimension of the reference group that is associated with purchasing behavior. In the past study introduced sub-set of the factors that influence the attitude and perceived behavioral control (George, 2004; Hosein, 2012). This study brings out the sub-dimensions of subjective norm. The population in this research are individuals that are likely to be influenced by a reference group, including three conditions such as having a spouse, have children and also have at least one relative who raised the sample observation and is still alive. Population who already have a family, maturity tend to be in the range that is considered and respond to their needs. Nonetheless, most cases are at their working age who expected to have the ability to buy a house. This study determined the sample size on the basis of Malhotra (2010) to be 140 observations; however, the collected data for this study is 180 samples, using Google Survey to collect questionnaires on the internet.
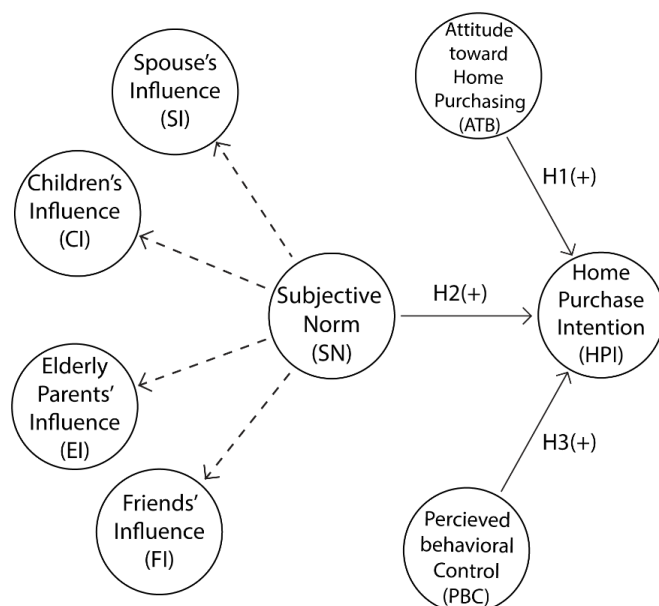

Figure 1. The proposed model and hypotheses (Additional sub dimension from the TPB are in dashed lines)

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4. Findings

4.1 Analysis of descriptive statistics

The resulting total of 180 respondents is male, 44%, and female, 56% of respondents, mainly aged between 21-35 years up to 79% with an education at undergraduate degree, the highest proportion of 57%. Most of the respondents are officers, 38%, followed by own business, 34%, the maximum monthly income of the respondents is 50,001 THB up, 42%.

4.2 Exploratory Factor Analysis (EFA)

An Exploratory Factor Analysis was performed on 28 original items from the questionnaires. After conducting Cronbach's Alpha for reliability measures and exploratory factor analysis for extracting to verify convergence within the same traits and divergence between different traits, all items remain with the KMO for the EFA is 0.785, confirming a measure of sampling adequacy, where the significant Barlett's test of sphericity confirms that EFA should be used. There were six factors extracted. The principal axis factoring was performed as extraction method and direct-oblimin was used as rotation method. Factor loadings were shown in Table 1 for each independent construct with factor loadings, variance, cumulative variance and Cronbach's Alpha. However, the only one dependent construct on Friend's influence shows all factor loadings result in negative numbers. Research framework shown that the result of the subjective norm is the dimension of the four factors. To analyze the regression analysis, the combination of factor scores of total subjective norm need to be analyzed together with other factors. After EFA is done, Pearson correlation of factor scores of friends shown negative side. Thus, by using the value of -1 to adjust the value of factor scores of friends to be on an opposite sign to indicate the relationships of the six factor scores are in the same direction.

Table 1. Factor loadings, %Variance, Cumulative% Variance and Cronbach's Alpha

	Factor Loading	% Variance	Cumulative % Variance	Croanbach Alpha
1. Attitude toward behavior		8.138	44.098	0.840
Buying a home is a good idea.	0.690			
Buying a home make me satisfied.	0.844			
Buying a home is reasonable.	0.834			
2. Spouse's influence		21.423	21.423	0.929
Spouse influence me when select design of the house.	0.816			
Spouse influence me when select living space of the house.	0.856			
Spouse influence me when select location of the house.	0.889			
Spouse agree with me when make decision about house price.	0.837			
Spouse thinks that buying a house is a wise decision.	0.903			
3.Child's influence		3.33	60.624	0.741
My children would want me to buy a house with play area for children.	0.737			
My children would want me to buy a house with private area for children.	0.714			
My children would want me to buy a house with good environment for children.	0.443			
4.Elderly Parents' influence		14.537	35.96	0.883
My parents think that I should plan to pay the installments on my home.	0.744			
My parents are influential in the decision to purchase my home.	0.589			
My parents tend to support down payments for purchasing my house.	0.858			
My parents tend to support monthly installment for purchasing my house.	0.777			
My parents tend to give me a loan for purchasing my house.	0.797			
5.Friends' influence		7.686	51.783	0.839
My friends would suggested me when purchasing a house.	-0.657			
My friends influence me to choose a house near friend's house.	-0.805			
My friends influence me to choose a house that similar in size to a friend's house.	-0.820			
My friends influence me when choosing my house.	-0.684			
6.Perceived behavioral control		5.511	57.295	0.731
I have enough knowledge for making decision to buy a house on my own.	0.603			
I have enough time for making decision to buy a house.	0.608			
I have sufficient money to buy a house.	0.597			
I have the right for making decision to buy a house no matter how much the price.	0.528			
I have the ability to purchase a house on my own.	0.669			

4.3   Regression Analysis.

Factor scores of Attitude toward behavior (ATB) and Perceived behavioral control (PBC) and Factor score of Total subjective norm (SN), were used as independent constructs and factor scores of Home purchase intention (HPI) was used as a dependent construct in finding a relationship within the hypothesized model in a subsequent process. The estimated regression equation is as follows.

$$HPI = 0.569ATB + 0.02SN + 0.005PBC.$$
$$(7.818)^{*} \quad (0.24) \quad (0.071)$$

$$R=0.543, R^2=0.295, \text{Adj } R^2=0.283, F=24.423, \text{Sig } F=0.000$$

Note: * = The coefficient is statistically significant at p value ≤ 0.05.

Where		
	HPI	= House purchase intention.
	ATB	= Attitude towards behavior.
	SN	= Total Subjective norm (Total of Factor influence Subjective Norm)
	PBC	= Perceived behavioral control.
	(...)	= t-value of each independent factors.

Attitude towards behavior seems to play an important part while subjective norm and perceived behavior control have the least effect. This result shows no significant coefficients for 2 factors, conflicting with result studied in the past (George, 2004; Kim & Han, 2010; Lee, Hsu, Han, & Kim, 2010). So, to establish the consistent with past studies, simple regression was applied to determine a relationship between each independent construct measuring home purchase intention (HPI) as shown in table 2. All independent variables possibly predict home purchase intention when use simple regression to prove consistent with past studies. Results of multicollinearity in which attitude towards behavior highly correlated with subjective norm and perceived behavior control are shown in table 3. Those affect standard errors resulting t-value lower than two. Attitude towards behavior still plays an important role in predicting changes in house purchase intention. This outcome is consistent with the study of George (2004) and Kim and Han (2010), followed by subjective norm. While perceived behavioral control has the least effect that conflict with past studies probably the respondents had a family, which represents the burden and responsibility of the family.

Table 2. Simple regression of relationships of each 3 independent factors influencing home purchase intention.

Model	Unstandardized Beta	Std. Error	Standardized Beta	t	Sig.
Factor score of attitude towards behavior	0.576	0.067	0.543	8.603	0.000
$R=0.543, R^2=0.295, \text{Adj } R^2=0.291, F=74.015, \text{SigF}=0.000$					
Factor score of total subjective norm	0.231	0.094	0.182	2.466	0.015
$R=0.182, R^2=0.033, \text{Adj } R^2=0.028, F=6.082, \text{SigF}=0.015$					
Factor score of perceived behavior control	0.162	0.083	0.146	1.962	0.051
$R=0.146, R2=0.021, \text{Adj } R2=0.016, F=3.850, \text{SigF}=0.051$					

Table 3. Correlation matrix shown correlation between each variable.

		Factor score of attitude towards behavior	Factor score of perceived behavior control	Factor score of total subjective norm
Factor score of attitude towards behavior	Pearson Correlation	1	0.262	0.310
	Sig. (2-tailed)		0.000	0.000
	N	180	180	180
Factor score of perceived behavior control	Pearson Correlation	0.262	1	0.121
	Sig. (2-tailed)	0.000		0.107
	N	180	180	180
Factor score of total subjective norm	Pearson Correlation	0.310	0.121	1
	Sig. (2-tailed)	0.000	0.107	
	N	180	180	180

5.   Conclusion and Discussion

The influence of the subjective norm that is divided into four dimensions and also can be divided into two sub-groups which are "group of spouse and children" and "group of parent and friend". The group of spouse and children have sufficient relationship to predict home purchase intention. Children play the role in most influence when predicting home purchase intention followed by spouse, parents and friends has the least influence. The results conflict with belief in Thai culture that parents are likely to influence the decision in the family. The current situation may be reduced by the effects of lifestyle changes. Modern family buys their own house and create their own family. From the results of scores average measuring each dimension of subjective norm. Factors with the highest average scores is children's influence. A house with a secure environment for children appear with the highest average scores, followed by a house with private area for kids. That mean buying a single detached house tend to become the first choice.

Those results probably adapts for raising awareness to consumers adequately such as either a public relationship or activities to educate the products. This will insert a positive attitude toward purchase intention of home. Then the minor factor was the influence of the subjective norm. The developer should consider to penetrate deep down to the reference group. By the influence of children first, then followed by a spouse, aged parents and friends are final. The perceived behavioral control factor can take influencing the lowest in three components. Developers need to have a project planning launch to beat the market at the right time. Which are in the period that consumers have sufficient capital, including the neat chance to buy a house. The extended family will have the chance to buy a new home (Levy, Murphy, & Lee, 2008), including during macro-scale, such as in terms of funding sources resulting from the extension of financial institutions or government policy.

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