

## Chapter 4

### Research Findings

This chapter is mainly focused on the interview content analysis and the results representation that is based on the semi-structured interview conducted with Chinese condominium owners and potential buyers in Chiang Mai. It consists of knowledge scoping results, knowledge capturing analysis, results representation, case study analysis, and captured knowledge validation.

#### 4.1 Knowledge Scoping Results

As mentioned in Chapter 2, understanding the purchase decision-making model of Chinese condominium buyers is important in order to improve condominium sale performance. Based on the purchase decision-making model, the critical subtask of critical task purchase decision making can be separated into five subtasks as follows: 1) Recognizing the need; 2) Information search; 3) Evaluating alternative choice; 4) Making purchase decision; 5) Post-purchase decision-making evaluation.

The snowballing method has been used to select the sample for knowledge capturing. The selected sample consists of three (3) Chinese condominium owners and three Chinese potential condominium buyers who are responsible for the critical task. The demographical data has been collected from the sample population through the conducted semi-structured interview.

Table 4.1 Demographical Data of the Sample Population was shown in next page.

Table 4.1 Demographical Data of the Sample Population

	Owners			Potential buyers		
Sample unit	A1	A2	A3	A4	A5	A6
Age	27	34	62	35	60	29
Education	Master degree	Bachelor degree	High School graduate	Master degree	Bachelor degree	Bachelor degree
Income	10000-20000RM B/month	14000-23000RM B/month	7000-10000RM B/month	10000-15000RM B/month	6000-8000RMB/month	18000-24000RM B/month
Family group	3	4	5	4	5	3
Property type	35SQM	44SQM	49.6SQM	30-40SQM	40-50SQM	30-50SQM
Settlement location	Chiang Mai–Lampang Highway	Northwest Side Kan Khlong Chonpratan and Nimmanha emin Rd.	Chang Khlan and Charoen Prathet Rd.	Not sure	Near business center	Not sure (suitable for holiday )

From Table 4.1, the demographical data of the sample population is similar to the statistical data analysis results. Hence, the selected sample for this study is credible and suitable. Most of the buyers prefer 30-50 SQM property size and the most popular areas are the super highway areas, the Ninmanhaemin road area, and the Chang Khlan road area.

#### 4.2 Knowledge Capturing Analysis and Results

The knowledge capturing process was conducted by a semi-structured interview. At first, the semi-structured interview was used to derive the task knowledge of the critical task in the purchase decision-making. The knowledge capturing analysis is to transcribe the inference knowledge and domain knowledge. The content of the analysis is shown in the appendix. On the other hand, the results of the knowledge analysis have been represented by the knowledge map presented on the next page.

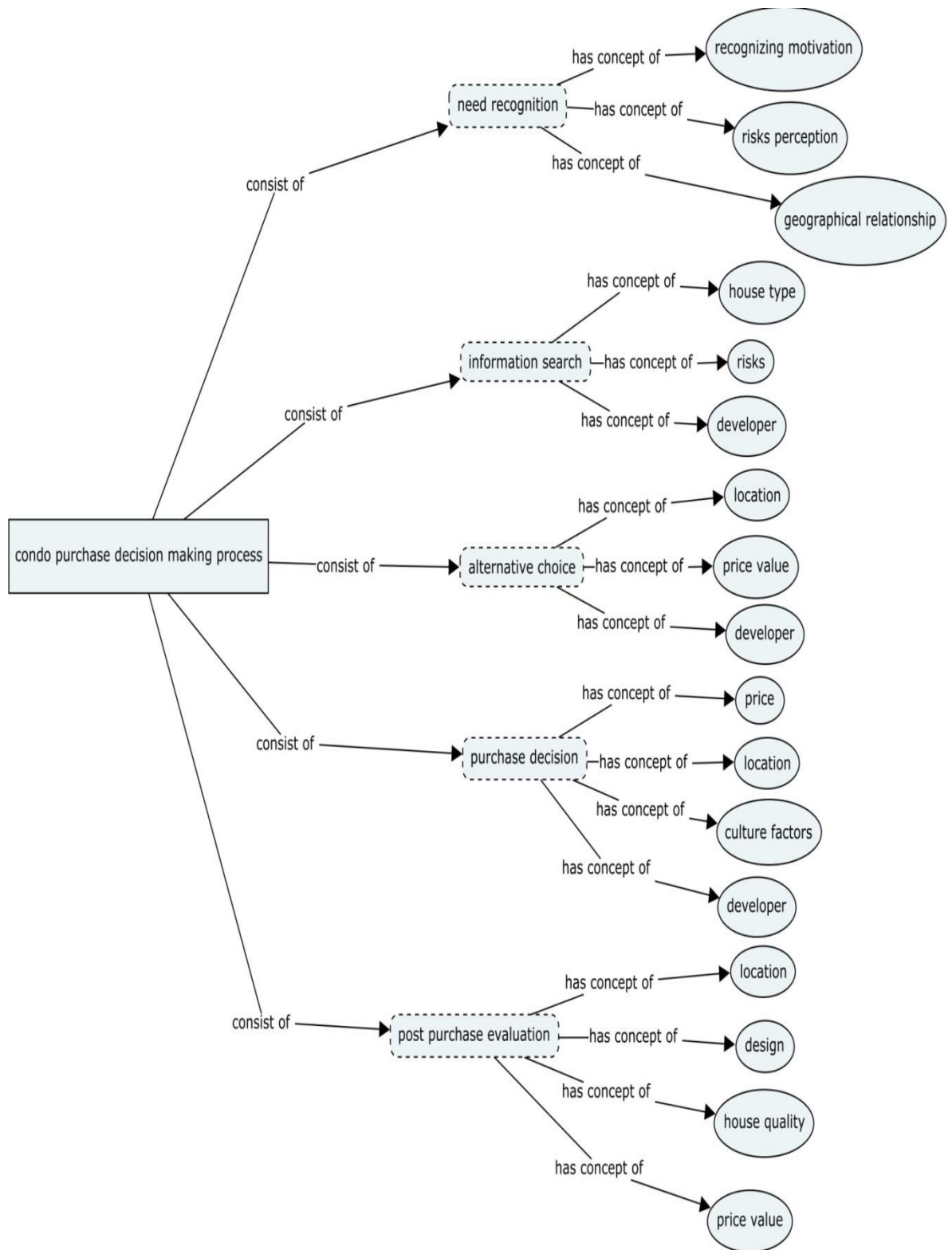


Figure 4.1 The knowledge map of task, subtask, and inference of purchase decision-making process

In line with the first interview's content knowledge transcript as presented in Figure 4.1, the inference knowledge of each subtask was captured. Each subtask branches out to 3 or 4 main knowledge inferences which are in different levels of importance. For instance, the subtask "need recognition" has three main inferences, namely recognizing motivation, risks, and geographical relationship. Among these inferences, recognizing the condominium purchase motivation is the most important. On the contrary, the risk is one of the most important inference knowledge under the subtask information search. For this reason, the Chinese buyers must consider both the risk information and the house type information. Most of the Chinese buyers have preferred to assess the location and price value of the condominium property as the alternative subtask. Therefore, the inference knowledge of location and price value are the most important in this subtask. As for the purchase decision subtask, the Chinese buyers make decisions essentially taking into account the price and culture factors. From the interviews' information feedback, most of the already owners are not satisfied with the design of the condominium property that they have bought in Chiang Mai. Thus, the inference and domain knowledge about the Chinese buyers' condominium design evaluation is very important so that developers can improve their condominium design to meet the Chinese buyers' needs.

The domain knowledge of each inference is not completely shown in this research case due to the limited research time but the knowledge user can easily understand the knowledge map of purchase decision-making process. Therefore, the researcher has just chosen the domain knowledge with important inferences in each subtask as follows (in next page):

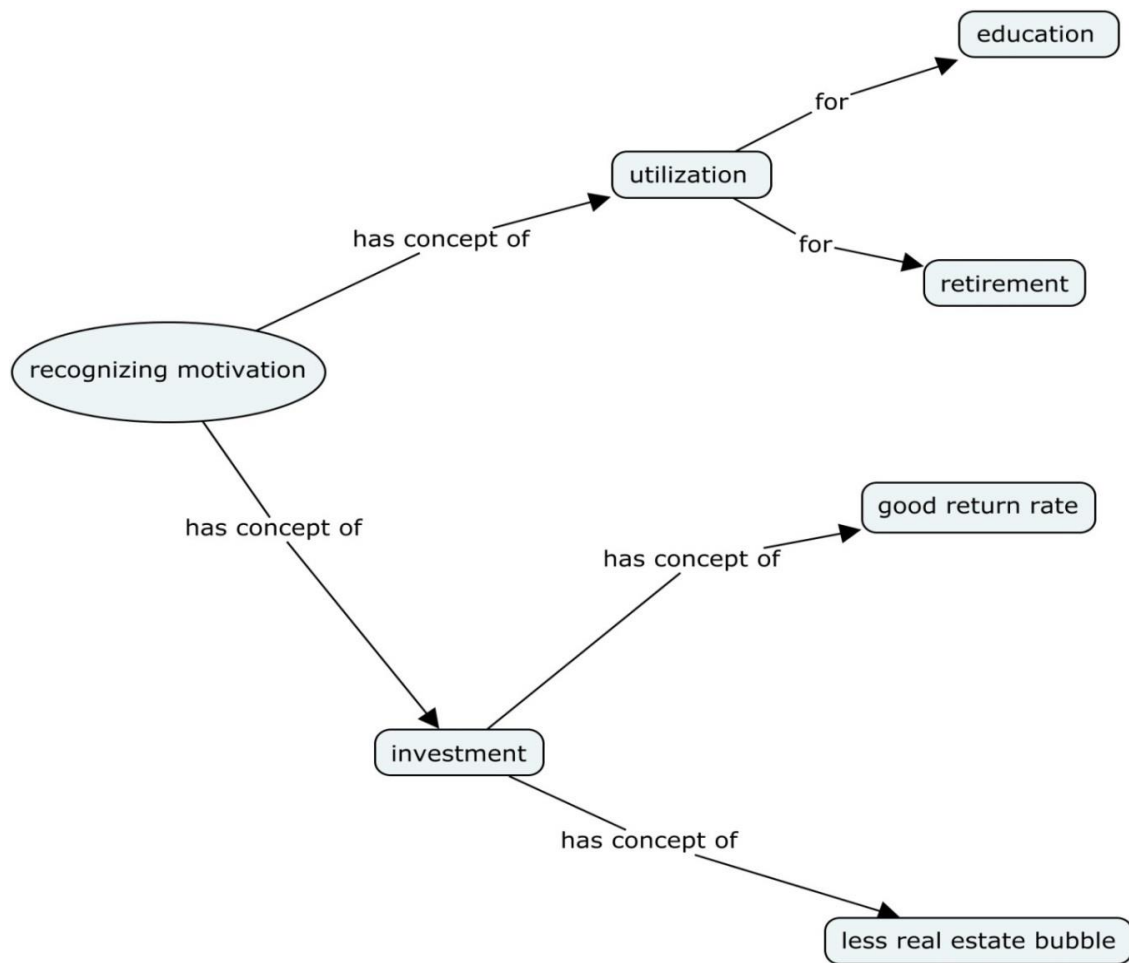
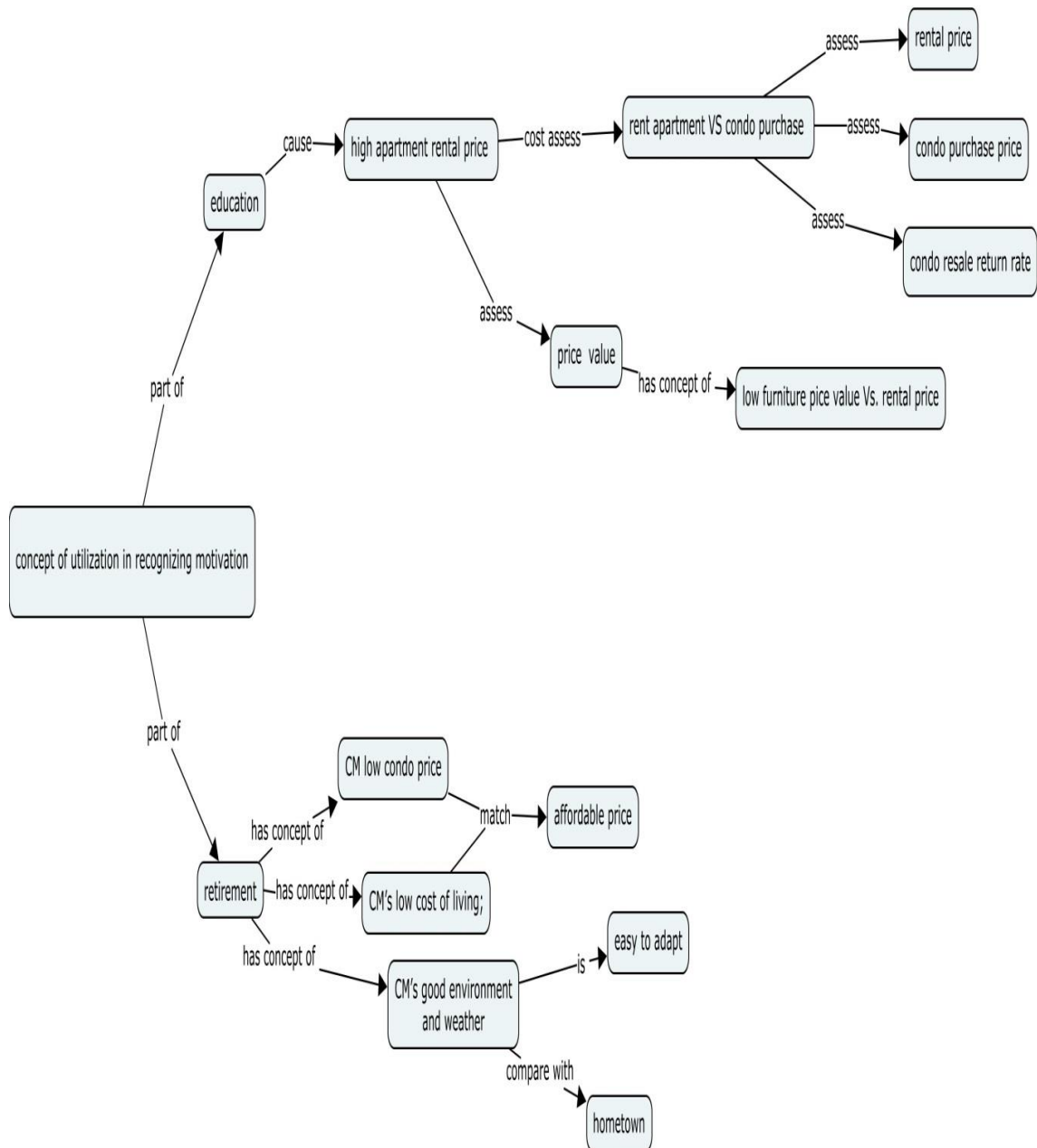


Figure 4.2 The Knowledge Map of Recognizing Motivation Inference Knowledge

In Figure 4.2, the domain knowledge of recognizing motivation inference knowledge is separated into two parts: the utilization motivation knowledge and the investment domain knowledge. The utilization primarily has two utilization motivations which are education and retirement. On the other hand, the investment's motivation is the Chiang Mai's condominium properties better return rate and lesser real estate bubble as compared to China's. More domain knowledge details are shown in the diagram.



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 Figure 4.3 The Knowledge Map the Concept of Utilization in Recognizing Motivation

As shown in Figure 4.3, education and retirement are the two primary utilization motivations. Buyers under education utilization tend to reckon units with high apartment rental price and price value as well as to assess the cost of apartment rent and condominium purchase. While buyers in retirement purchase condominium units in Chiang Mai because of the lower cost of living, lower condominium sale price and better environment compared with their hometown in China.

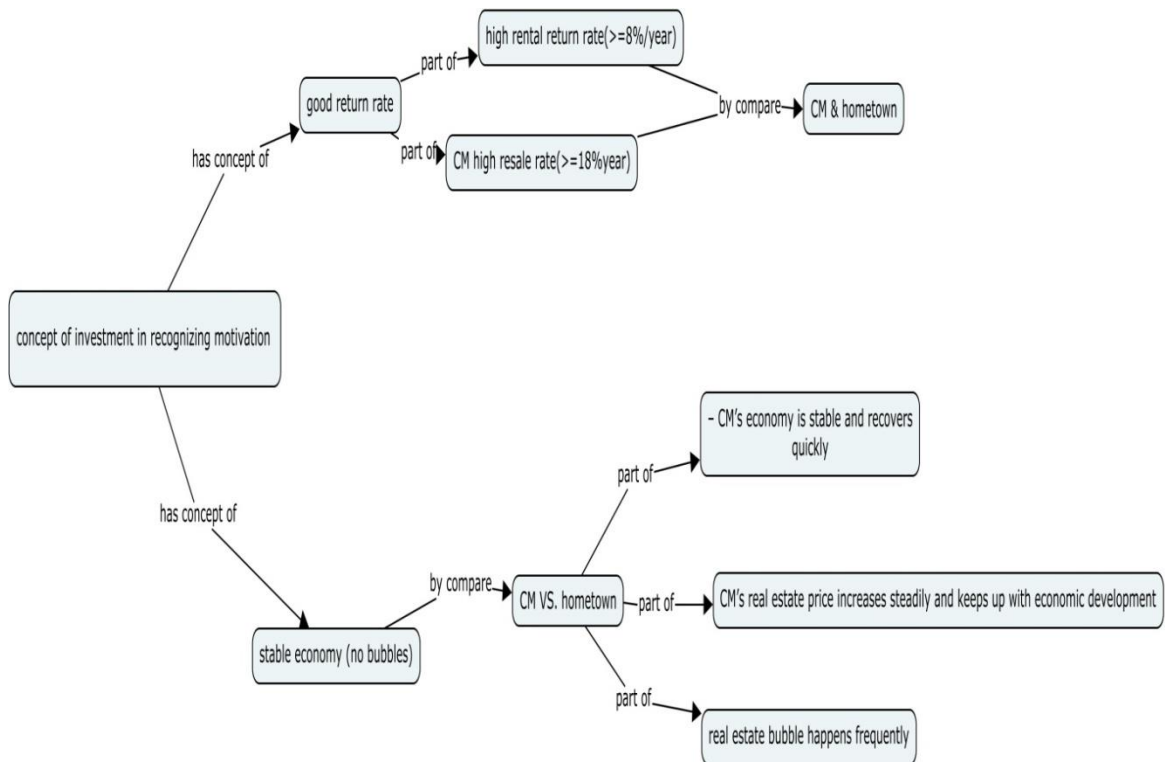


Figure 4.4 Knowledge Map of Investment Motivation

As already stated, Chinese invest in Chiang Mai because of less real estate bubble and good return rate which is above 8% each year. China's real estate bubble frequently occurs because of imbalance between the condominium price increase and the pace of economic development. In contrast, Chiang Mai's economy quickly recovers, develops and is stable. Also, the condominium price increase keeps up with the economic development. Hence, Chinese potential buyers have the insight that Chiang Mai's condominium industry is developing healthily.

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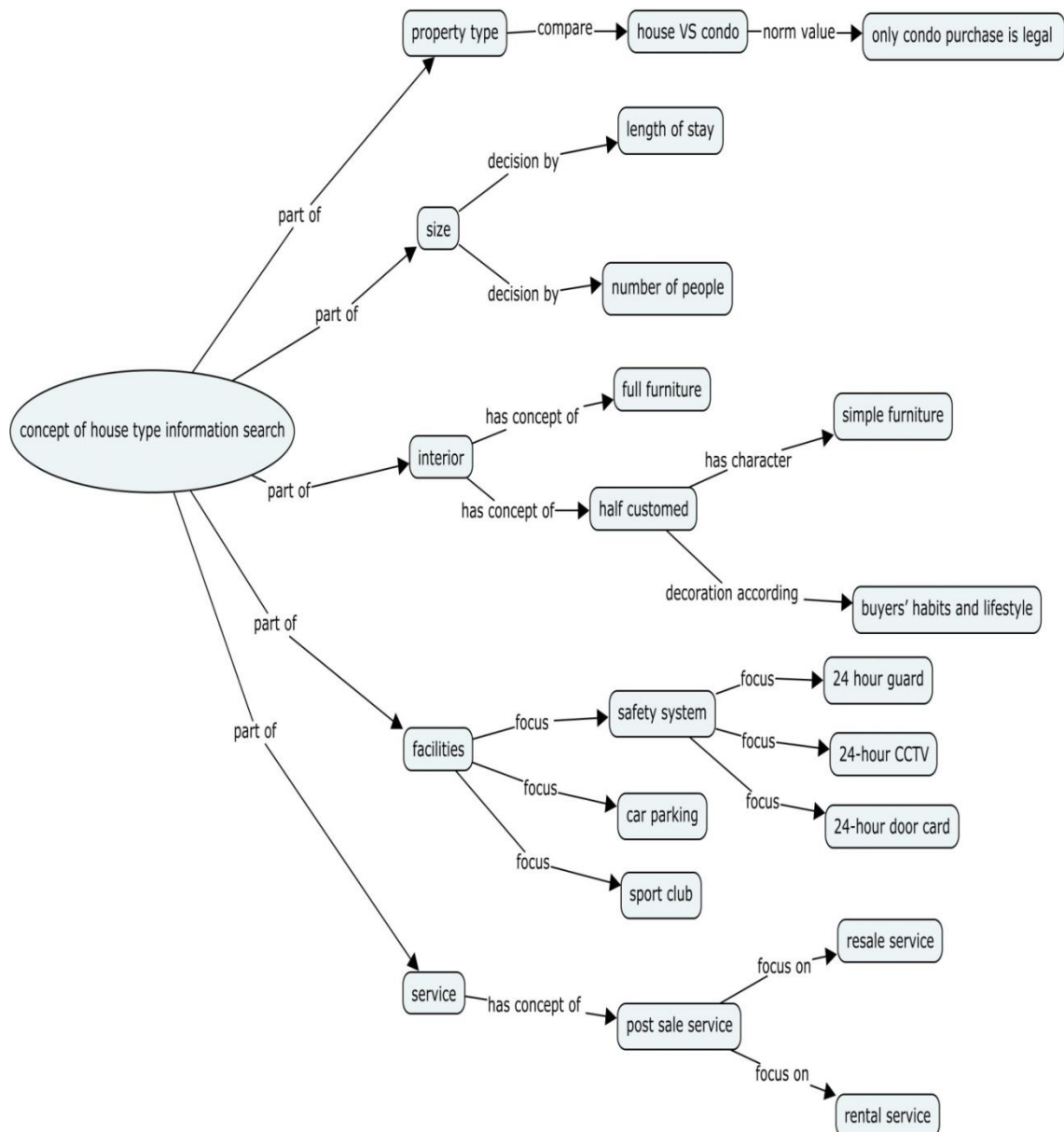


Figure 4.5 Knowledge Map of the House Type Information Search

Based on Figure 4.5 in the house type information search, the domain knowledge consists of the property type, size, interior, facilities, and services. The buyers need to know which property type they can purchase under the Thai legal framework. For the property size search, they will need to record the length of their stay and the number of people living in the property. Depending on the buyer's preference, some favor condominium units that are fully furnished because it is convenient. On the contrary, some choose half-customed units which that means the developer or seller just needs to provide some basic electronic equipment but the detail and style of decoration



will rest on their personal habits and lifestyle. As for the facilities information search, the car parking, safety system, and sports club are given emphasis. Additionally, the investment motivation includes the resale and rent post purchase services.

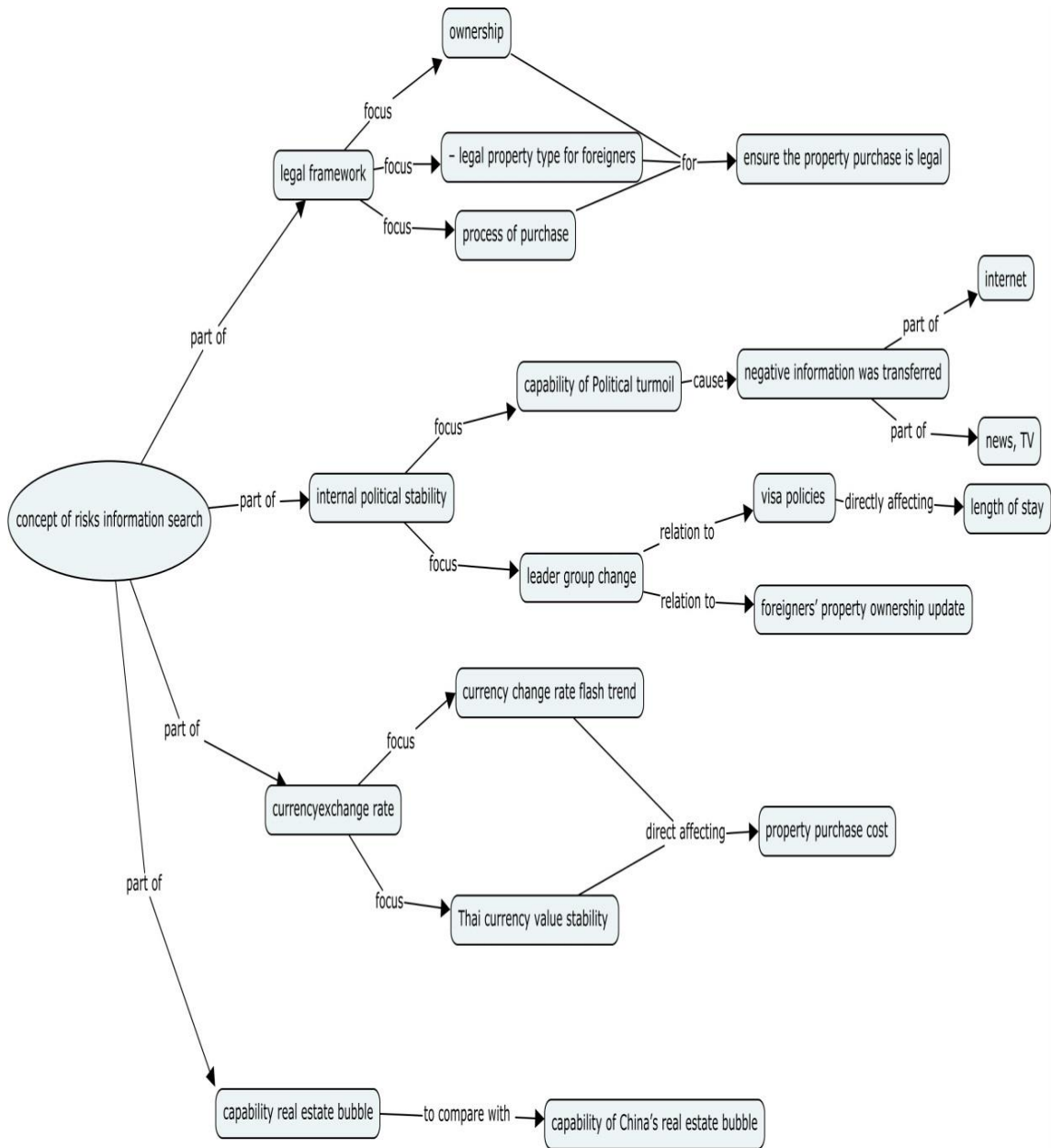


Figure 4.6 Knowledge Map of Risk Information Search

In the diagram, the domain knowledge of the risks information search are the legal framework, internal political stability, currency exchange rate flash trend, and the frequency of real estate bubble that all aim to make a correct perception of the right risks.

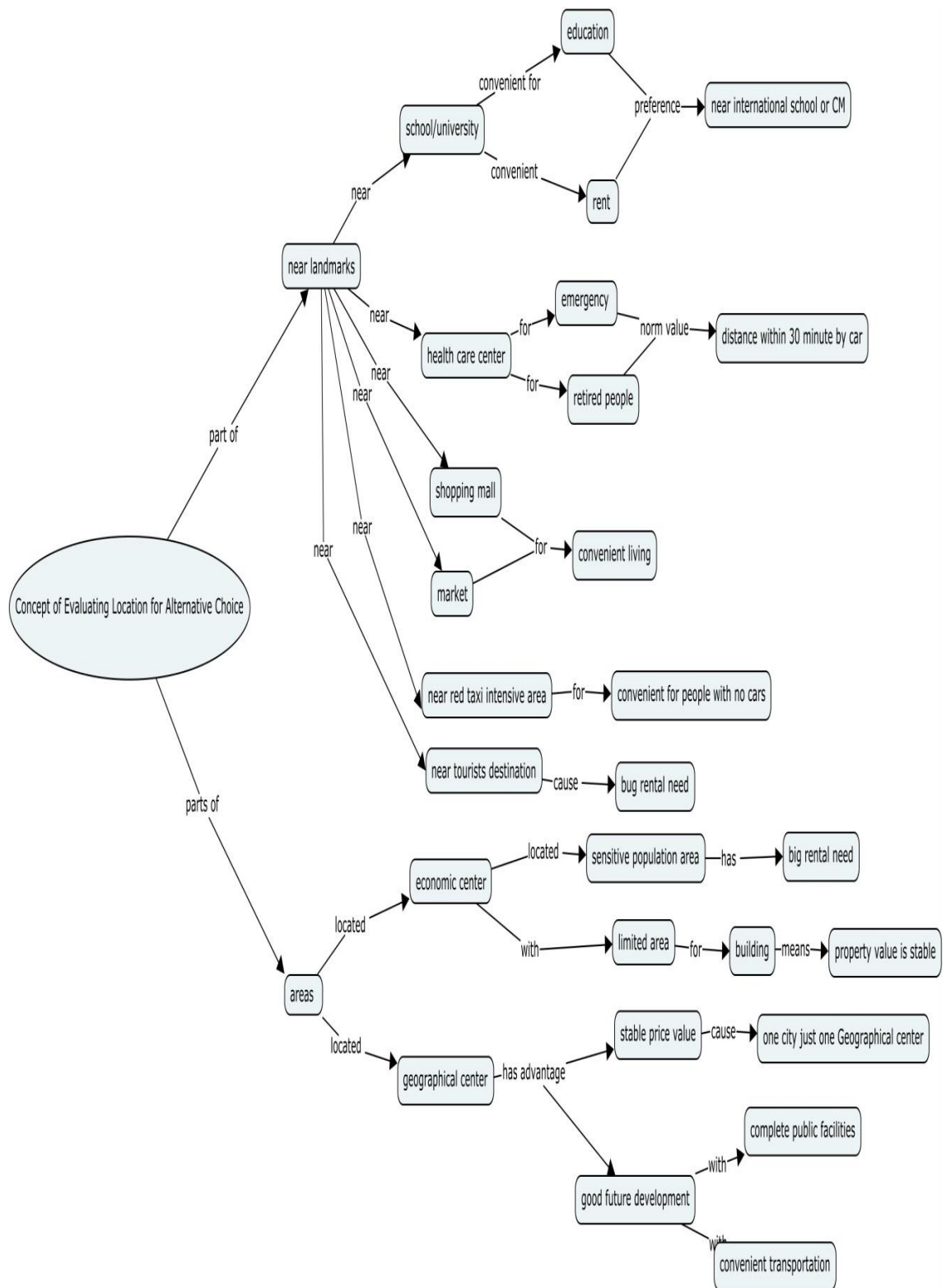


Figure 4.7 Knowledge Map of Concept of Evaluating Location for Alternative Choice

When making an alternative choice, the interview cases commonly prefer to compare condominium units that are near landmarks and location areas. They assess the near landmarks, such as near a school area or health center, whether these can match their purchase motivation under either education or retirement utilization. For the assessment of the location area, buyers check whether the location is in an economic or a geographical center that has a good investment value and public facilities for daily living.



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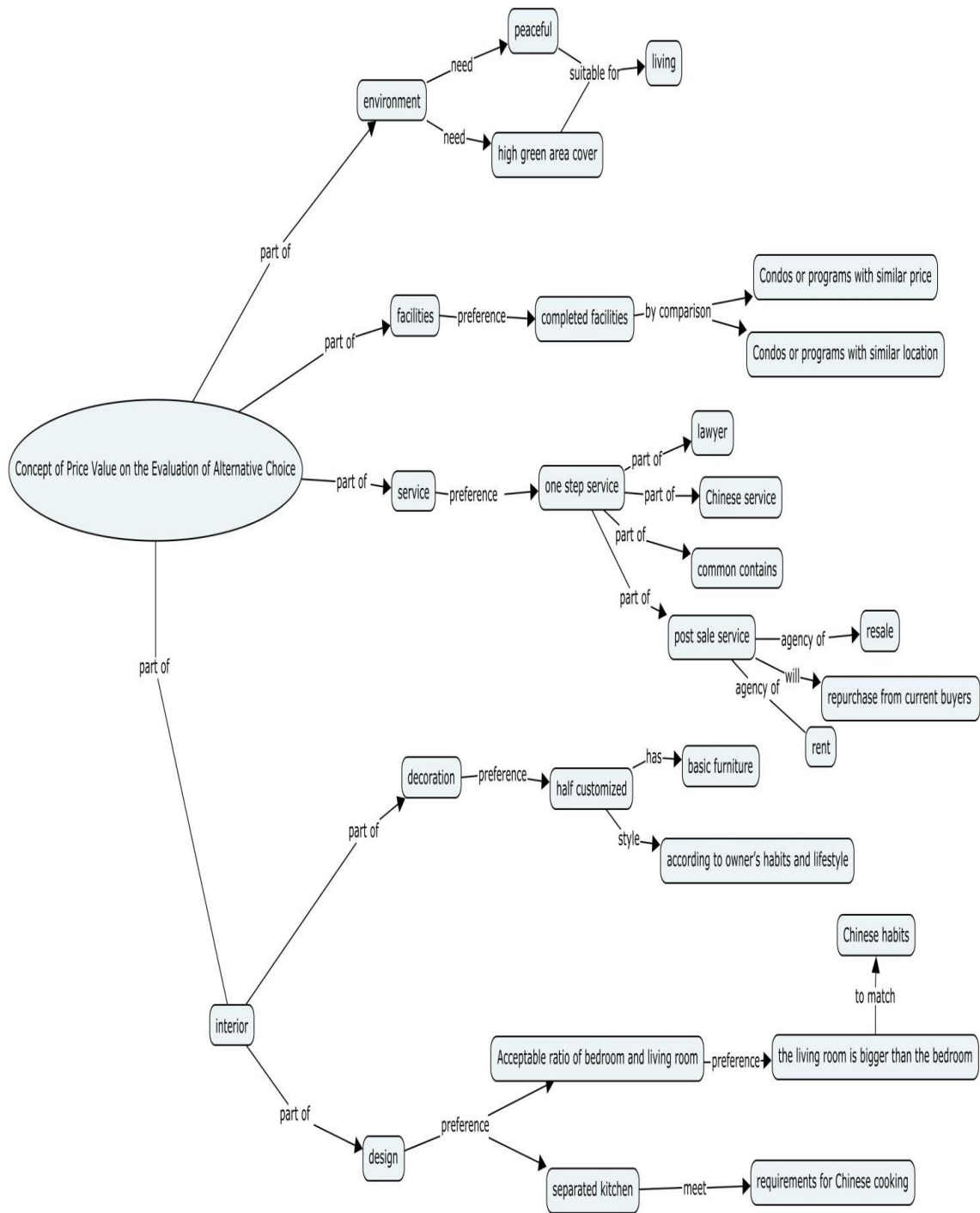


Figure 4.8 Knowledge Map of Price Value on the Evaluation of Different Programs

The price value of the different condominium programs is evaluated based on the environment, facilities, service, and interior. The condominium units need to have a peaceful environment and a high green area cover. Based on the interview, Chinese buyers go for the more completed facilities and programs under the same location or price situation. Moreover, most of the buyers choose a developer who has a one-step

service and units that have half-customized interior and with a separate suitable function area.

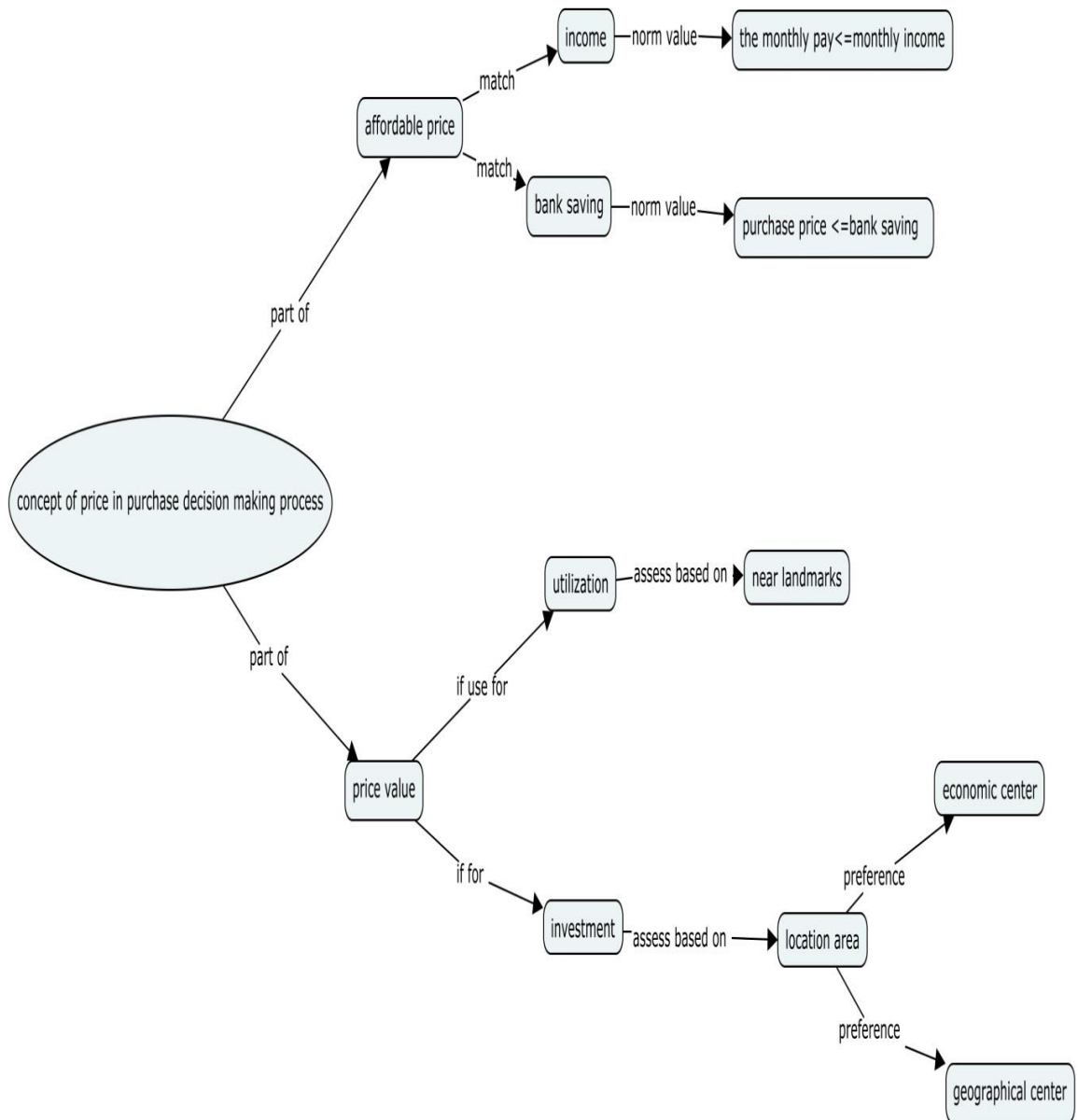


Figure 4.9 Knowledge Map of Price Concept in Purchase Decision-Making Process

The price is the most important factor that affect the purchase decision-making process of Chinese buyers. It is assessed based on its affordability and the property price value such as banking saving and income.

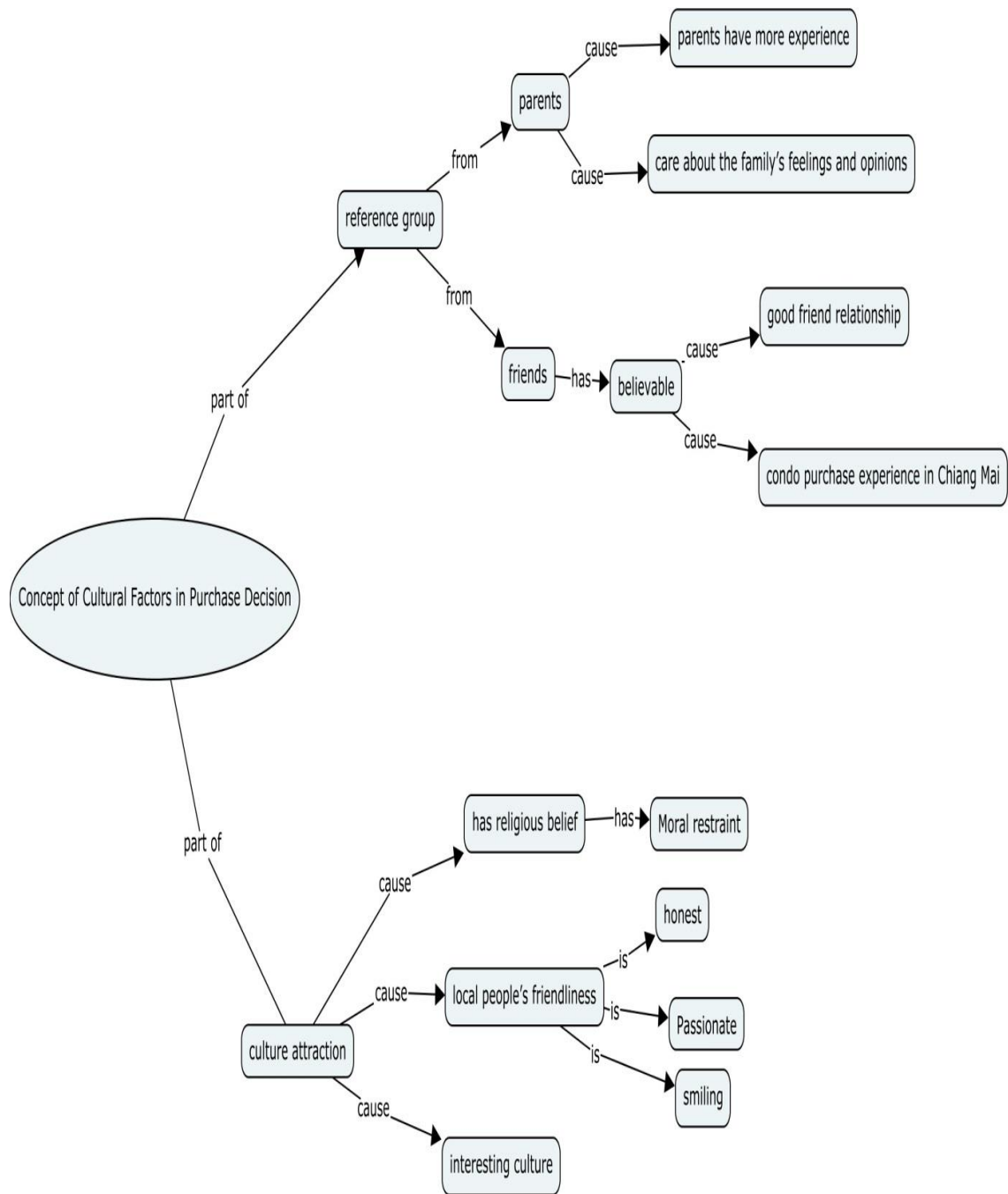


Figure 4.10 Knowledge Map of Cultural Factors in Purchase Decision

The referrals from parents and other family members affect the Chinese buyers' decision in buying. Also, cultural factors like the local people's friendliness and people's interesting culture attract the buyers to purchase a condominium.

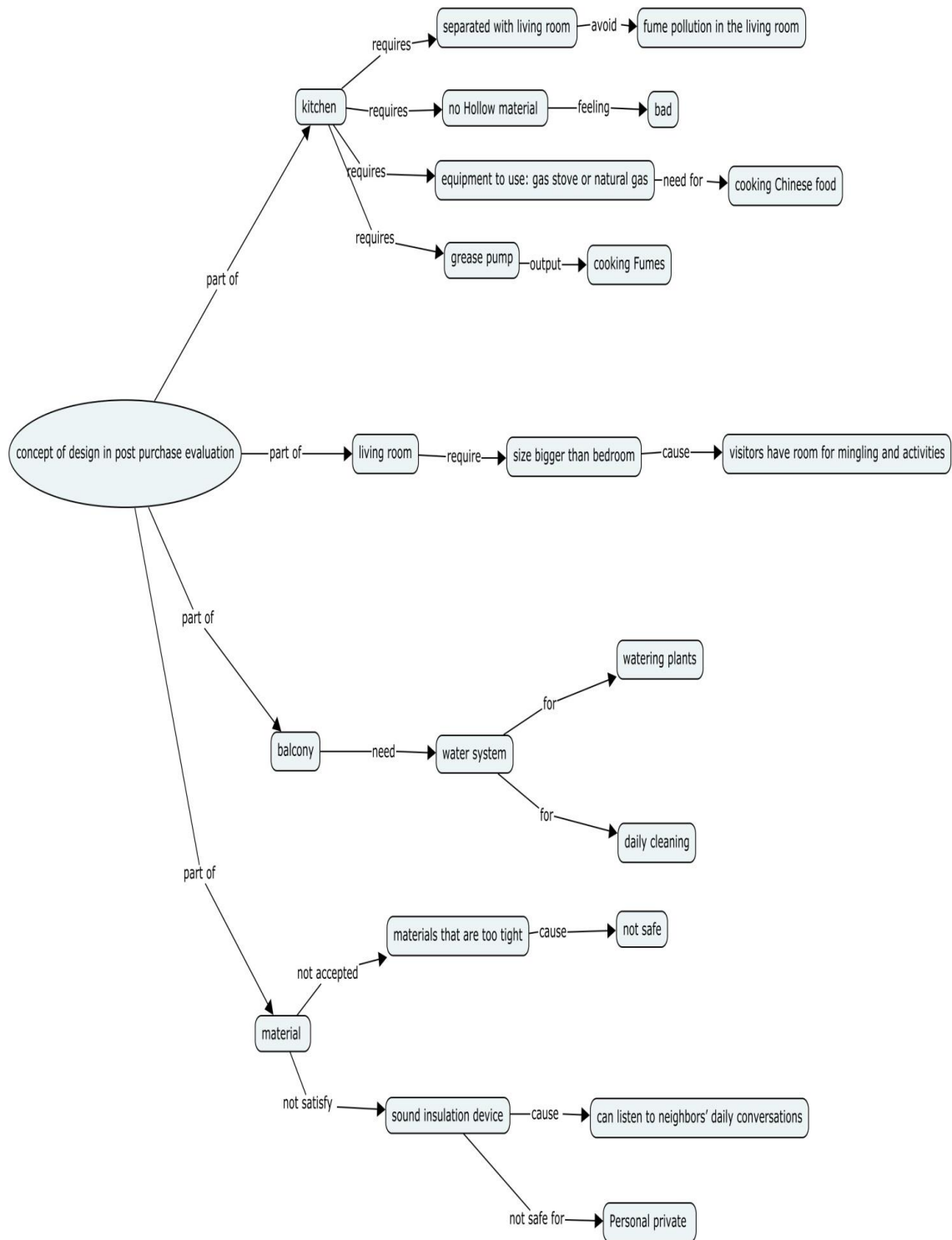


Figure 4.11 Knowledge Map Design in Post-Purchase Evaluation

After the purchase of many Chinese buyers, they have found that some designs of the condominium units do not meet their living needs particularly the design of the kitchen, the living room, and the balcony.

### **4.3 Case Study**

Through the case study of the already owners and potential buyers, more details of the domain knowledge have been captured as follows.

#### **Details of recognizing motivation domain knowledge**

Most of the owners and potential buyers compare their hometown in China with Chiang Mai regarding retirement cost, weather environment, investment return rate and capability of the economic bubble. The cost of living and condominium sale prices in Chiang Mai are lower than China. Besides the cost of living in China being about 3 to 4 times more than Chiang Mai, the serious air pollution concerns the older ones. Consequently, they want to find a new place that has a good environment and weather. Hence, Chiang Mai is a suitable choice for them.

As for the people who have invested motivation, they have seen the advantage of purchasing a condominium in Chiang Mai after their visit. In the previous year, the return rate was relatively stable. It was at about 8% to 10% in Chiang Mai while the average return was at just about 5% in China. Although sometimes in China the return rate is very high with the sale price increasing suddenly, the real estate bubble happens frequently.

#### **Details of house type and risks domain knowledge information search**

In the information search process, many prefer to search the property type that they can legally purchase to ensure the safety in their ownership. Furthermore, the buyers choose the property size according to the length of their stay and the number of people living in the property. Typically, retired couples or single persons who are students just need a small size condominium of about 30-50 SQM. The fully furnished units are popular among students because they are very convenient not needing time and money in decorating them. However, the retired people and investors choose half-customized condominiums because they stay in the property for a longer period of time. Moreover, since they consider their condominiums as their second home, they prefer to decorate them based on their lifestyle and habits. For the investors, however, they need to do research about the customers, then match the customer's need to the choice of the condominium interior and facilities.



Many of the Chinese buyers think that the safety system is a must-have. For the people with the investment motivation, they also search for the post-sale services such as cleaning service, agency service of resale, and rent. Due to the language barrier, when developers provide those services it becomes more convenient for the owners' condominium property management.

Risk information search is very important in the information process in order to make a right risk assessment. Most of the Chinese buyers compare the risks of purchasing a condominium in China and purchasing one in Chiang Mai. They compare the return rate, the capability of the real estate bubble and ownership. They also focus on the currency exchange rate and internal political stability because they are doing an overseas property purchase. These directly affect the cost, property safety, and value. If policies on visas or legal frameworks change, buyers become worried about the safety and keeping the value of the property.

**Details of location and price value comparison: domain knowledge for alternative choice evaluation.**

From the case study, the motivation for the purchase of most of the Chinese condominium owners and potential buyers are the landmarks and located areas that are near. For education utilization, buyers select the location that is near the school or university areas, markets, and shopping malls. But if the purchase motivation is for retirement, aside from considering a market that's near, they commonly think about the distance to the hospital in case of emergency. The investors favor condominium programs located in sensitive travel destination areas because they are easy to rent out. However, in all cases, they think that condominiums located in the city's geographical center or economic center are the best. These condominium programs have a higher price value because of the limited area for building and construction. This means that because condominium units in this area are limited, the demand gradually increases along with economic development and population increase. Pertaining to the price value, the already owners of condominiums compare the price value of different programs by the environment, facilities, services, and interior. A good environment to live in should be peaceful and have a high green area cover. Under similar price condominium programs or same location area condominium programs, they take the condominium

program that has more completed facilities and a one-step service. One-step service means to provide the service for buyers from a lawyer's legal framework, to consult about post-sale services, and to do the interior decoration based on the buyer's preference.

Since the retirees are old, they tend to be unwilling to change their lifestyle and habits. Hence, the Chinese-style condominium interior, with equipment and separated kitchen conducive for cooking and the watering system in the balcony, is more popular for them.

#### **Details of price and cultural factors domain knowledge in purchase decision-making process**

After comparing the price value and location, the Chinese buyers commonly match the condominium purchase price with their retirement salary, bank savings, and income. Most of the people do not consider the mortgage with complex process and high interest. They are more inclined to buy a condominium in which the price can be paid at one time. Other than taking the price into consideration, Chinese buyers also consult with their family and friends to get some ideas to support their decision. They believe that their family and friends are believable and have good purchase experience.

#### **Details of design evaluation: domain knowledge in post-purchase evaluation**

Most of the interviewees are not satisfied with the voice insulation devices because they can listen to the neighbors' conversations so they are worried about their privacy. Also, in Chinese lifestyle, most of them like to visit with their friends in their homes, so they need a bigger living room.

#### **4.4 Knowledge Validation**

The knowledge validation was conducted by asking the sale manager who has more than 3 years' experience to work with Chinese buyers. To confirm the modeling knowledge results, namely knowledge map.

Overview of the knowledge validation: Most of the captured knowledge confirms results from the managers are similar to that of the buyers. Some of the differences in the details are as follows:

**Affordable Price:** Based on the research findings, the affordable price mainly needs to match their income and bank savings. Apart from that, the manager's validation needs to match the Chinese blending foreign exchange policy. In order to buy a Thai real estate property, domestic blending foreign exchange is necessary. Sometimes even if the Chinese buyers have enough money to purchase a condominium, but if the blending foreign exchange is very limited they will have to consider the national blending exchange policy. Also, if the potential buyers mentioned affordable price tie up with the local mortgage policy and if a local provides the mortgage for a Chinese buyer then they can choose a bigger property size.

**Price Value:** The findings point out that most of the Chinese buyers' economic center's location value is stable. However, in the knowledge validation, one Chinese condominium owner professed that the price value in the economic center cannot be stable as in the geographical center. For the reason that, there are many economic centers and they can change while there is just one geographical center in a city. Hence, the price value in the economic center is more stable; however, this opinion needs more clarification and needs to be further studied.

**Design of condominium property:** Both the sale managers and buyers mention their thoughts about the kitchen design, living room size, balcony watering system and voice insulation material. Most of Thai condominium unit designs have a low utilization area such as little inner things collect design which means that all things need to be put outside.

**Motivation:** The Chinese condominium purchase motivation is mainly separated for investment and utilization. The sale managers and buyers agree to this. But the sale managers consider that the retirement utilization is little at present. This is because many Chinese retirees who have purchased condominiums found out that when they arrived in Chiang Mai, they couldn't stay for a long time due to the language barrier and culture differences. They are not like the younger generation who can speak English or Thai well. In the end, they only live in Chiang Mai in the winter and during other seasons they rent out their condominiums to tourists and students.

All the different details show that even if the buyers prefer bigger property size, but because of the lack of mortgage policy support, they end up focusing on the 30-50 SQM property type. Some people focus on the current price value in the economic center while some focus on the future value in the geographical center. Furthermore, the condominium utilization area design needs improvement. As mentioned in Chapter 3, since the sample population is very limited, some research findings are not very critical and need more validation.



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