



**FACTORS AFFECTING REAL ESTATE CUSTOMERS  
CHOICE OF RESIDENTIAL HOUSES; EVIDENCE FROM  
SOME SELECTED REAL ESTATE COMPANIES IN  
ETHIOPIA**

**BY**

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**ADVISOR**

**BELAYNESH TEFERA (PhD)**

A Thesis Proposal Submitted to Addis Ababa University, College of Business and Economics, School of Commerce for the Partial Fulfillment of the Requirements of the Degree of Masters of Arts in Marketing Management.

June, 2019

Addis Ababa, Ethiopia

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## DECLARATION

I hereby declare that this thesis study for the M.A. degree in marketing management at the University of Addis Ababa School of commerce, hereby submitted by me, is my original work and has not previously been submitted for a degree at this or any other University, and that all references materials contained therein have been duly acknowledged.

Name: Genet G/meskel

Adviser's Name: Belaynesh Tefera (PhD)

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Signature-----

Date -----

Date -----

-

**CERTIFICATION ADDIS ABABA UNIVERSITY**  
**SCHOOL OF GRADUATE STUDIES**

This is to certify that the thesis prepared by Genet G/meskel, entitled “factors affecting real estate customer’s choice of residential houses; evidence from some selected real estate companies in Ethiopia and submitted in partial fulfillment of the requirements for the award of the Degree of Master of Arts (Marketing Management) compiles with the regulations of the University and meets the accepted standards with respect to originality and quality.

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Examiner Mesfin Workineh(PhD) Signature \_\_\_\_\_ Date \_\_\_\_\_

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Genet G/meskel



## **Acronyms and Abbreviations**

BHK: Bedroom, Hall and Kitchen

GDP: Gross Domestic Product

IHDP: Integrated Housing Development Program

PADCO: Planning and Development Collaborative International

UN-HABITAT: United Nation Habitat

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## ***Abstract***

*The purpose of this study was to examine factors affecting real estate customer's choice of residential houses; evidence from some selected real estate companies in Ethiopia. The researcher has studied the effect of price (price sensitivity and price information), quality (number of rooms, provision of sustainable infrastructure and quality of material) and location (nearness to a city, exposed to noise, and accessibility to public facilities) on customer choice of a house. In order to collect the data, survey questionnaire was distributed to 247 dwellers who have actually bought and currently living in the houses of either of the three real estates; Ayat, Flintstone and Noah. The researcher has found that customers mainly considered price sensitivity, provision of infrastructure, quality of material, exposed to noise, and accessibility to public facilities as a major factor on their house choice. The collected data was analyzed using descriptive data analysis method. Based on the findings, the researcher recommended the management team of the three real estate companies to give special attention only for those variables that have major impact on customer choice. The result of the data analysis contributes to the body of knowledge in the area by demonstrating that how user perceptions about the variables (price, quality, and location) have affected their final decision. Although the study has its own limitations, the implications of the results allow providing practical recommendations to the real estate industry, and directions for further work.*

**Key words; real estate, price sensitivity, price information, number of rooms, provision of sustainable infrastructure, quality of material, nearness to a city, exposed to noise, and accessibility to public facilities**

## CHAPTER ONE: INTRODUCTION

### 1. Introduction

#### 1.1. Background of the study

Several past studies found that the financial of house has much influence on how consumers make their house choice (Adair, et al., 1996) (Hablemitoglu, et al., 2010)

A study which was conducted in Saudi Arabia and Malaysia reflects that financial consideration especially house price has a strong factor that affects the intention to purchase real estate. (TAL-Nahd, 2015 and Razak et al 2013).

The researcher Wang, identified price as one of the most important factors that affect the willingness of buying real estate in any market. (Wang, 2013) 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.

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. (Wang, 2013)

Post-purchase satisfaction is influenced by three housing attributes: the surrounding environment, external property appearance and space, and aesthetic attributes. The quality of service provided by suppliers also had a significant impact on home buyers' post-purchase satisfaction. (Zeng, 2013)

According to the study conducted on Wuhan, China, it was founded that quality of service provided by the housing suppliers did not significantly influence purchase decisions. (Zeng, 2013)

As per the finding of the study on "customers buying behavior towards the real estates of china" shows that location, quality and affiliated facilities are the factors the customers deemed to cherish most. (Wang, 2013)

Associated with residential property, location is very important to the requirement and purchasing power of the consumers. The decision to select a location depends on the living style of the buyer, Consumers with a high mobility level requires a dwelling which located in the city center, so it will facilitate the movement from one place to another in a shorter time. Otherwise, consumers who have children's have a tendency to choose a place with larger residential units, close to public facilities, such as schools, markets, and hospitals. Accessibility would be obtained if the property is located in the city center. The strategic location of the property will attract the consumers, it is because the location of the property which close to the center of activity and entertainment can guarantee a safe and profitable investment. (International Journal of Education and Research, 2016)

From the finding of the study examined by Linqi, location of the real estate is a significant factor. Based on the results location was an important factor when the real estate buyer was making their decision to buy. A good location can dramatically increase the willingness of buyers in buying the real estate. (Wang, 2013)

Zeng also mentioned on the finding of the study that only two housing attributes, namely location and aesthetics positively influenced housing purchase decisions. (Zeng, 2013)

As most of the literatures seem to agree that marketers think price, quality and location significantly affect customer choice of a given product. Although there is many research on this area conducted in other countries, little is known on the case of Ayat, Flintstone, and Noah real estate residential homes in Ethiopia, Addis Ababa market.

Therefore, the purpose of this study is to assess how people who are living in Ayat, Flintstone, and Noah homes, Addis Ababa are affected by price, quality and location of a house on their process to have their own house. Knowing this will help Ayat, Flintstone, and Noah real estates to consider their pricing strategy, quality of their houses and their location if it is as per the promise they had with their clients.

When we see the status of real estate business in our continent Africa; Angola, Nigeria, Egypt, Mozambique, South Africa and Kenya are countries that offer the greatest investment opportunity for the sector. (Davis, 2010)

Coming to Ethiopia there are around 58 real estate developers in all over the country. Out of them the most dominant residential home developers include Ayat Real Estate, Sunshine Real Estate, Habitat New Flower Homes, Ropack International, Ambassador Real Estate, Trancon Real Estate, Gift Real Estate, Enyi Real Estate, Country Club Developers, Akakas Real Estate, Boran Real Estate, Flintstones Homes, and Zenebe Frew Real Estate.(Access capital-sector report, 2010).

As per the survey conducted by Access Capital (2010) it's found that the sale prices for even modest homes exceed Birr 1 million in many of Addis Ababa's residential neighborhoods, while average sale prices for large homes (with 1000 square meters and four-or-more bedrooms) are now routinely above Birr 6 million in the most expensive neighborhoods. From a cross-country perspective, home prices are beginning to match or exceed the levels seen in African countries with much higher incomes than Ethiopia. (Access capital-sector report, 2010).

In accordance of the statistics made by International Monetary Fund World Economic Outlook Seychelles take the first rank from Africa by her GDP per capita income, with having 15,686 USD as annual revenue. Ethiopia is the 32<sup>nd</sup> country followed by Eritrea with a GDP per capita income of 873 USD per year. (InternationalMonetrayFund, 2019)

By taking into account the per capita income of Ethiopians, the researcher wants to investigate how people are affected by house of price, quality and location while looking for a residential home in Ethiopia. However, in order to achieve a more focused study and in light of limited financial resource the scope of the study is limited to Addis Ababa city and Ayat, Flintstone, and Noah real estate were taken as a case study.

## **1.2. Real Estate Business in Addis Ababa, Ethiopia**

The real estate sector has been one of the fastest growing segments of the Ethiopian economy. Indeed, the review of GDP statistics shows that had it not been for the expansion of this sector

and the closely affiliated construction sector, Ethiopia would not have registered double-digit economic growth in the past five years. (*Access Capital Research. May 2010*)

The residential real estate market in Addis Ababa is evolving into a varied mix of extensive government-built condominiums (ostensibly for lower-income groups), mid-market developments by housing cooperatives, and largely high-end homes built by real estate developers and/or homeowners themselves. (*Access Capital Research. May 2010* )

According to the sector report of access capital, 2010 it is stated that the real estate business in Addis Ababa has both challenges and opportunities. The challenges include land policies, the scarcity and cost of construction material, infrastructure, and financing. With respect to the opportunities, city-center commercial developments; residential developments—including apartments— focused on middle income groups; new developments based on novel and cheaper construction materials; and commercial parking developments. With Overall, though the likelihood of price declines in certain outlying areas is one notable near-term risk, the outlook for the real estate sector is otherwise broadly positive in our view, reflecting prospects for continued overall growth and particularly promising opportunities for developments that rely on higher densities, city center locations, and novel construction materials. (*Access Capital Research. May 2010 pp.1*)

### **1.3. Background of the Organizations; Ayat, Flintstone and Noah real estate.**

Ayat Share Company, before becoming a share company, was a private limited company established in 1996 with a total capital of 5 million Ethiopian Birr and with an objective of alleviating shortage of housing through building and transferring standard residential houses with different sizes, designs, types, locations and payment schemes at an affordable cost.

Ayat Real Estate Private Limited company was the first private organization to appear in the real estate business and had a strategic goal of building and marketing 25,000 residential houses. To this end, Ayat has constructed and handed over 6,500 residential houses to different clients in just the first phase of its operation.



According to a data collected in 2006, Ayat had also created job opportunities to over 10,634 Ethiopians, 780 of which were permanent employees, paid huge governmental tax, and funded and participated in different social and governmental national charities, sponsorships and community projects. Besides to its real estate activities, Ayat is also operating in different investment sectors such as production of construction materials, machinery lease, agro-industry, hotel and tourism, import & export and education. This, to some extent, has created stability in the supply of construction materials, saved foreign currency, provided employment opportunity, and generated paramount governmental tax.

Noah Real Estate PLC was established in 2013 and has since delivered 5 residential and 4 commercials mid to large scale projects, with additional 7 projects under development at various sites in Addis Ababa. Noah is founded with a strong financial foundation and state-of-the-art design innovation. This combination enables them to construct powerful visions and has the potential to evoke an immediate desire to tour the interior.

Noah strives to contribute significantly to the real estate sector. Their motto "design, build and deliver" is derived from the determination to provide an exceptional buyer experience for their customers. Delivery is made upon full completion of each detail within the building.

Noah's vision is bold. To become the leading brand in the real estate sector and be synonymous with quality performance - in design, in build, and in delivery of superior construction.

Noah is a sister company of Great Abyssinia PLC, a renowned FMCG company with brands you love, such as Abyssinia Coffee, Prigat, Tulip, Aby soda drinks with various flavors and in a recent prestigious deal also partnered up with Nestlé in water bottling, continuation of the Abyssinia Springs brand.

Flintstone Engineering share company, which was formerly known as "Tsedeke Yihune Construction" when founded in 1992, joined the Ethiopian construction sector as a level 8 building contractor. A year later the company was named Flintstone Engineering, after the "Flintstones" which the early men used to lit fire to symbolize the advancement of humanity through innovation and technology. Back in the days, since the local construction sector was at

its infancy, Flintstone started to involve in subcontract works from existing firms and started its remarkable journey thereby developing its construction management, as well as man power capacity. Today, the company is able to establish itself as one of the leading real-estate & construction firms in Ethiopia. By embracing these firm principles, Flintstone has been working on various government projects like Universities, hospitals, governmental and non-governmental offices, water supply and road projects. The firm has successfully completed and delivered construction projects throughout the country.

#### **1.4. Statement of the problem**

Addis Ababa, the capital city of Ethiopia has faced very rapid population growth due to immigration and natural growth. So it increases the pressure on housing demand. However, the housing development pace is not so fast to contain this huge number of populations. Because of this, there is severe housing shortage in the city of Addis Ababa. Most of the residents of Addis Ababa have low and irregular income. So the available houses both from the government and the private real estate developers are not affordable to the low income group of the population. Because of this a large number of households are forced to live in private rental houses and kebele houses. So as to solve the gap, since 2005 Ethiopia has been implementing an ambitious government-led low- and middle-income housing program: The Integrated Housing Development Programmed (IHDP). The initial goal of the program was to construct 400,000 condominium units, and promote homeownership for low income households. (Hegab, 2011)

In order to be successful, the government has implemented a down payment system so as to support both the low and middle income society. The down payment ranges from 10% to 40% of the price of the flat. They then pay off the rest over a 10- to 20-year period. Unfortunately, this program failed to support poor Ethiopians who are not able to afford the down payments for even the most subsidized units. (UN, 2017)

Addis Ababa is a city where probably up to two thirds of households live at or below subsistence levels, with the rest living below the poverty line. Therefore, it comes as no surprise that the overwhelming majority of households are simply incapable of building or buying the smallest, officially acceptable dwelling unit. In fact, in a city where most

households spend nearly 50 percent of income on food, there would not be much money left for housing construction, purchase or improvement. (French & Hegab, 2011)

As a research conducted by Planning and Development Collaborative international(PADCO) in Addis Ababa shows, in 1996 the median income of households in the city was ETB 391, with median expenditure as much as ETB 54382, a clear demonstration that most households were simply incapable of saving even a minute fraction of their incomes. (UN-HABITAT, 2007)

Although the government is building condominium houses correspondingly appreciates the private developers to aggressively involve in the sector, there is still a huge gap between the number of population with the supply of a house.

Despite all the mentioned facts herein, there is other different face of the society. That is people who have the capability and the interest as well to buy a house from real estates, they have a wide chance of pool to pick up houses amongst the existing 58 developers in Addis Ababa, Ethiopia.

Therefore, this research had attempt to know if consumers of Ayat, Flintstone, and Noah real estate homes were affected by price, quality and location when they decide to purchase a home. The finding of this research will give a good insight for Ayat, Flintstone, and Noah homes on their pricing strategies, quality measurement and location on their upcoming projects.

A finding on the research of “The Effect of Price on Preference Consistency Over Time” illustrate that price can play a role in consumer decisions by illustrating that price can highlight desirability considerations and shift consumers’ near-future preferences, leading to preference consistency over time. (lee & zhao, 2014)

House features are found to have a significant relationship with house purchase intention. When consumers in Kota Kinabalu decided which house to be purchased, they greatly emphasized on special features of the houses such as construction quality, construction duration and size of the house. This is due to the fact that these features are tangible and easily for consumers to evaluate upon buying a house. (chia, et al., 2016)

Five researchers were involved to measure the impact of product perceive quality on purchase intention with level of satisfaction, and the findings concluded that customers give preference to quality product. They assess product quality in term of its durability, reliability and sustainability. (Saleem, et al., 2015)

One of the most important factors while taking decision-making process behavior property on Depok is location, the others are price, flexible payments, residence's facility, and company's fame. In addition, several factors are very important in the aspect of the location is the location of residence, the distance to the office, and the distance to public transport access. Some of these are items related to the person's main sustainability. While, some of the factors that are considered important is the distance to the place of learning, distance to the hospital, distance to market, and the distance to the entertainment area. (Aprianingsih & Maoludyo, 2015)

For most brick and mortar businesses, product location is a vital part of business. A retail store wants to put its best, trendiest, most popular, and most expensive merchandise at the front of the store because the owners know that these are the products that are not only going to lure more customers into the store, but they are also the products that customers most want. Making your products easy to find and showcasing products that you want your customers to buy is essential in ensuring customer satisfaction and guaranteeing a purchase.

What realtors say about residential real estate also applies to many small businesses--that the three most important considerations are location, location, location. Location is especially important for businesses in the retail and hospitality trades because they rely a great deal on visibility and exposure to their target markets. But location is also important for service and manufacturing ventures, which have such costs as advertising, promotion, and distribution that are a direct result of where they're located.

According to Alonso, he mentioned that people tend to consider a house in terms of distance from city centre and employment opportunities located in a single center (a monocentric city). (Alonso, 1960)

So, this study tried to investigate how consumers were affected by price, quality and location while buying a house. It was assessed if the above mentioned factors have affected customers when they buy a house from a house of Ayat, Flintstone or Noah real estate are offering.

### **1.5. Research Question**

The research was undertaken through the following research questions;

- To know how price affect customer's choice of a house in the case of Ayat, Flintstone or Noah real estate?
- To know how quality affect customer's choice of a house in the Ayat, Flintstone or Noah real estate?
- To know how location of a house affect customer's choice of a house in the Ayat, Flintstone or Noah real estate?

### **1.6. Research Objectives**

The major objective of this research was to assess how price, quality, and location affected the buying choice of a customer; also, the study has the following specific objectives

- To determine the relationship between price and customer choice behavior,
- To examine if quality has an impact on customer choice behavior,
- To analyze the Perceptions of customers towards location of a house

### **1.7. Significance of the Study**

It is believed that the research will benefit different stakeholders; primarily, the companies Ayat, Flintstone and Noah real estate.

As the study focuses on three different factors that definitely affect customer choice, the study results surely help the selected companies operating on a real estate sector, meaning the finding of the research will provide a significant understanding to the companies how price they have tagged, quality of product they are providing, and location is affecting their

customer's preference to purchase a residential house. Understanding this will pave a new door both for the management and marketing department of the chosen real estate developers to give emphasis on the marketing tool price, quality and location if they have failed to meet their customers need if any.

On top of this the study of this research has provided a relevant understanding about the significant relationship between price, quality, and location of a house on customer decision to possess a house.

And finally, students or researchers who are interested to research on topics related to determinant factors that affect customer choice of a house, they can refer from it as a secondary source of data.

## **1.8. Scope and limitation of the Study**

### **1.8.1. Scope of the study**

The study focuses in exploring the effect of price, quality and location on customer choice of a house, limited to Ayat, Flintstone, and Noah real estate.

In order to achieve a more focused study and in light of limited financial resource the scope of the study is limited to three real estate developers. And also among the different determinant factors the study focuses only on Price, quality, and location and their impact on customer choice.

### **1.8.2. Limitation of the Study**

The researcher has faced a challenge while writing the proposal. Initially, working on a company, that doesn't have any engagement or correlation with the researcher makes the proposal tough to gather information about the organization. However, after repetitive follow up with the marketing departments, it became successful and smooth relationship has been created. Afterwards, time constraint has significantly affected the researcher on working the proposal, which also has been tried to manage in order to meet the school time schedule.

In addition, as the result is analyzed only with descriptive it doesn't indicate the intensity that the independent variable affects the dependent variable. Likewise, the summary and conclusion result implies only to the total sample population, 216.

## **1.9. Definition of Terms**

### **1.9.1. The Concept of Consumer Purchasing Behavior**

Consumer Behavior is defined as the behavior that consumer displays in the searching for, purchasing, using, evaluating, and disposing of the products and services that they expect will satisfy their needs. Consumer Behavior focuses on how consumer make the decisions to spend their available resources (Time, Money, Efforts) on consumption related items. That includes what they buy, why they buy it, when they buy it, where they buy it, how often they buy it, how often they use it, how often they evaluate it after the purchase and the impact of such evaluations on future purchases. Consumer behavior is the study of when, why, how, and where people do or do not buy a product. (clara, 2015)

Consumer buying decision process consists of; Need recognition, Information search, Evaluation of alternatives, Purchase decision and Post Purchase behavior. (Kotler & Armstrong, 2008)

### **1.9.2. The concept of pricing**

Price is the amount a customer pays for a product or the sum of the values that consumers

### **1.9.3. What Does Quality Mean?**

Quality can be defined as meeting customer needs and providing superior value. This focus on satisfying the customer's needs places an emphasis on techniques such as Quality Function deployment to help understand those needs and plan a product to provide superior value. (<http://www.npd-solutions.com/qfd.html>).

#### **1.9.4. What Does Location Mean?**

The definition about location from dictionary states that it is a particular place or position the property is set in a convenient way.

According to Struyk, Location" is a common mantra in real estate. And most people have no idea what this really means. A "good location" can mean different things to different people, but there are also subjective factors that determine a home's value. However, customers at least keep centrality (cities that are highly developed and are bound from large amounts of additional growth, tend to have higher prices than cities that have too much room to expand) and development (Plans for schools, hospitals, public transportation or other public infrastructure can dramatically improve property values in the area) factors in mind before they decide to buy ahouse.(<https://www.investopedia.com/financial-edge/0410/the-5-factors-of-a-good-location.aspx>, 2018)

#### **1.10. Organization of the Study**

This subsection outlines the entire study in a concise manner. The first chapter starts by giving an introduction and background of the study which is followed by a problem statement which identifies the gap between the current literatures, the research questions which is followed by the objective of the study, the significance and scope of the study.

The second chapter gives deep insights on the subject matter under the study which is price, quality, location and its effect on customer choice by using theoretical and empirical review, and conceptual frameworks.

The third chapter is about the methodology of the study which explains about the research design, type, sampling techniques and data collection techniques.

The fourth chapter deals with the data analysis and explains the major findings and discussion of the result.

And the last chapter, chapter five pacts with summary, and give recommendation for future research.



## CHAPTER TWO: LITERATURE REVIEW

### 2. Introduction

This part aims to provide a review of related literature both theoretical and empirical. In line with the objectives of this study, it covers concepts related to pricing objective and its strategy, importance of using different prices, customer choice, and the relation between price, quality and location and customer choice, in addition to these the findings of previous research from different authors as well as the theoretical framework of this study are included.

#### 2.1. Theoretical review

##### 2.1.1. Customer Choice Behavior and Buying Decision Process

According to (Joel & Barry, 2004) United States of America, Macmillan Publishing company, wrote that "Purchasing Decision is the selection of the best alternative in which a consumer is ready for buying act, to make an exchange of money and product or services, this implies that consumer is willing to give money to the seller so as to get a products or services.

According to (Kotler & Armstrong, 2003) there are two types of buying behavior; Complex buying behavior and habitual buying behavior. Complex buying behavior calls for high level of involvement on the part of the consumer. In this case, consumers distinguish salient differences among the competing brands. Consumers' are highly involved in case of expensive and highly self-expressive products. The most important character of this type of buyer behavior is they engage in extensive information to search and to learn about product category so as to be able a good purchase decision. For example, when a consumer decides to buy a car, he seeks information about the available brands and compares his collected information about each brand and finally makes up his mind.

Whereas, in case of habitual Buying Behavior, consumers' level of involvement is low. This means that consumers don't search much information among the available brands and they don't find significant differences among the brands. An example of low involvement product is tooth paste. The level of consumer involvement in this sort of product category is very low. In case of habitual buying behavior, consumers merely go to the store to buy the product

without a high level of involvement. If the consumers keep buying for the same brand over and over again, it becomes their habit. It is as if that the consumers have developed a brand loyalty for that specific brand rather, they buy the product out of habit. Generally speaking, consumers are usually lowly involved when the product is cheap. (kotler, 2003)

Whether a consumer has complex or habitual buying behavior they pass through a common buying decision process. The stages that buyers pass through to reach a buying decision are; need recognition, information search, evaluation of alternatives, purchase decision, and post purchase behavior. To start with the first stage, need recognition can be triggered by either internal stimuli (hunger, thirst,) or external stimuli (a need arise because of external factors). If the consumer's drive is strong and a satisfying product is not around the buyer will store the need in memory and try to undertake gathering information related to the need this is called information search, which is the second stage. The consumer can obtain information from different sources; personal sources (i.e. family, friends, neighbors, acquaintances), commercial sources, public source and experiential source. The third stage is evaluation of alternatives by which evaluating purchase alternatives depends on the individual consumer and the specific buying situation. In some cases, consumers use complex and deep evaluation for some type of product and in other times the same consumer simply decide to use a given product. (kotler, et al., 1996). Up on the rank that consumers have made, the final stage of buying process is purchasing, but there are two factors in the middle of purchase intention and purchase decision; attitude of others and perceived risk.

According to Faith and Edwin there are two more decision process steps that a consumer goes through; post purchase use and evaluation and disposal of a product. To see the former one; it means at this point consumers will decide if what they bought is what it is supposed to be. If it is not, the consumer, will regrets purchasing the product and most times tell other people about his or her experience. (Faith and Edwin, 2014). And finally, disposal of product, meaning companies intentionally specify the durability of a product for a given period of time. By which customers dispose the product after the required usage time pass. (Faith & Edwin, 2014)

### **2.1.2. Pricing, pricing objective and its strategy**

Price has different meanings from the perspective of buyer, and seller. From the customer's point of view value is the sole justification for price. Customers don't always consider cost of materials and other costs that go into the making of a product. This is the base for customers to make decisions about the purchase of a product. Whereas, from the seller (marketer) point of view price is the only factor that assures the survival, profit, sales, market share, and appropriate image for the company. (Burnett, 2011/12)

There are two types of pricing strategy; competitive pricing strategy and non-price competition strategy. To look out the latter first, organizations who use non-price competition strategy believes that other strategies would help them to attract more customers than price. Advertising, credit, delivery, displays, private brands and convenience are the most common type of non-price competition strategy. (Burnett, 2011/12))

Once a marketer decides to use price as a competitive strategy, there are many tools and techniques that can be employed. A business can price itself to match its competition, price higher than competitors, or price lower than competitors. However, each tool has its pros and cons. a company who sets price the same as its competitors and make price as its base line is called Pricing to Meet Competition. Different marketing mixes can be used to attract customers who are interested in products in a particular price category; such as Quality in production, better service, and creativity in advertising. The second pricing above competitors, a business using this type of pricing strategy has to prove to customers that the product deserves a premium price. The last pricing strategy is pricing below Competitors, the main goal of this strategy is to realize a large sales volume through a lower price. This strategy is successful where customers are price sensitive or the organization is more efficient than its competitors. (Burnett, 2011/12)

There are seven types of pricing strategies according to (Kotler, et al., 1999) the first one is penetration pricing by which a company sets a low initial price to win a large market share.

A second is segmented pricing, whereby die company sets different prices for different customers, product forms, places or times. A third is psychological pricing, whereby the company adjusts the price to communicate better a product's intended position. A fourth is promotional pricing, whereby the company decides on loss-leader pricing, special-event pricing and psychological discounting. A fifth is value pricing, whereby the company offers just the right combination of quality and good service at a fair price. A sixth is geographical pricing, whereby the company decides how to price to distant customers, choosing from such alternatives as FOB pricing, uniform delivered pricing, zone pricing, and freight-absorption pricing. A seventh is international pricing, whereby the company adjusts its price to meet different conditions and expectations in different world markets.

From a practical point of view, just being aware of price reduction or increase does not have to lead to the change of buying habits. Moreover, however, the correct management of customers' price perception can lead to improved value perception of the products and increased willingness to buy. (Varki, 2001)

### **2.1.3. Importance of Using Different Pricing strategies**

As discussed earlier the advantage of a given pricing strategy depends on the type of a product, life cycle stage of the product, marketer profit strategy, competitor's status, demand of the market, and so on. Based on this, one pricing strategy could not be equally important for all companies.

Good pricing strategy helps a company determine the price point at which you can maximize profits on sales of its products or services. However, in order to meet their long-term goal, business owner needs to consider a wide range of factors including production and distribution costs, competitor offerings, positioning strategies and the business' target customer base (Maguire, 2018).

### **2.1.4. The Relation between Price and Customer Choice**

In today's global markets in the evaluation stage, the consumer ranks brands and forms purchase intentions. And they preferred to buy high quality products and they look on the

attitudes of others and unexpected situational factors which based on expected income, expected price, and expected product benefits. (kotler, 2003).

In East Africa to purchase a particular goods or services, he or she must reach the purchasing decision to those goods or services but this purchasing decision differ from one final consumer to another due to several factors which affect purchasing decision such as price, attitude, advertisement, social influences, fashion, education, family life cycle and income (Davis, 2010).

In the face of rapid economic and technological changes, today's consumer is more curious, more educated and conversant with what he/she exactly wants. These changes also affect the needs of firms. According to (Faith & Edwin, 2014), marketing your business is about how you position it to satisfy your customer's needs.

A Review of "The Effect of Pricing Strategies on The Purchase of Consumer Goods" has been made by Faith and Edwin, they have mentioned that customers who give high priority for a price of a give product are more likely to gather information about the product, compare brands of competitors, which definitely affect their buying decision. (Agwu, 2014)

### **2.1.5. The Relation between quality and Customer Choice**

Providing a perfect quality product has numerous benefits for any company. The positive correlation between product quality and sales should be reason enough to make quality a top priority in a business strategy. The trust, credibility, and loyalty that comes from happy customer's builds repeat sales and ignites positive recommendations about a product that helps a company reach new audiences. (Business.com Editorial Staff, Business.com Writer ,2018)

The quality of your services and merchandise is one way to help you get consumers to appreciate and believe in what you have to offer.

Product quality is a key determinant in the purchase of computer products, and in stimulating customer loyalty. Perceived quality has two dimensions, extrinsic quality—linked to the brand—and intrinsic quality—related to internal product characteristics. Whereas extrinsic attributes (brand name) are more related to affective loyalty (customers build affect toward the

brand on the basis of cumulatively satisfying usage occasions), intrinsic attributes have a more objective nature and are more related to cognitive loyalty. (Garrido-Morgado, et al., 2016)

#### **2.1.6. The Relation between location and Customer Choice**

There are many proponents of the view that the three most important attributes to house buyers are location, location and location. Two of the consumer groups identified consider location as the most important attribute of housing.

A retail store wants to put its best, trendiest, most popular, and most expensive merchandise at the front of the store because the owners know that these are the products that are not only going to lure more customers into the store, but they are also the products that customers most want. Making your products easy to find and showcasing products that you want your customers to buy is essential in ensuring customer satisfaction and guaranteeing a purchase. (Steven and Miller, 1995)

### **2.2. Empirical literature review**

Scholars wanted to seek consumer behavior in buying a home in Depok. questionnaire was used to collect primary data and it was founded that the most important aspects for respondents to buy a house is price, the rest factors such as the product, then place and the last promotion are ordered consecutively.

In India sample people were asked to determine their perceptions about the three residential home builders namely Unitech, Jaypee and Omaxe. The parameters were; pricing of apartments, variety of flats offered, timely possession and advertising. And it was concluded that people would like to buy a house from Jaypee, considering their desire for more sizes in a single project. (Dey, 2013)

From a total respondent of 150, 85 respondents agree that the house price has an impact to them when buying a residential house in Setia alam (56.7%) while 35 respondents strongly agree that the house price has an impact to them when buying a residential house in Setia alam (23.3%) and 30 respondents are slightly agree that the house price has an impact to them when buying a residential house in Setia alam, about 20% of the total respondents. (Kok San, 2016).

Based on the research outcome we can say that the people at Setia alam are highly affected by price of a house.

It was hypothesized that price is the most important factor than product and location for customers when they choose to purchase 1BHK (1 bedroom, 1 hall and 1kitchen) type of a house in Pune, India. And the finding shows that price weights the highest percentage of all.

For consumers living in Dar es Salaam Income is considered as a major factor affecting purchasing decisions of coca cola, whereas price is the second factor that affects their purchasing decision. (clara, 2015)

A survey conducted by Kauko (2014), concluded that the locational factor is the most important factor on residential property investment decisions. Another study done by reveals that location is a vital aspect for house buyers when deciding the residential property to purchase. A residential property can be evaluated depending on its proximity to city, school, mall, central business district and social amenities. Whenever a residential property is close to these places, the desire to buy it increases instantly. (Dastane, 2017)

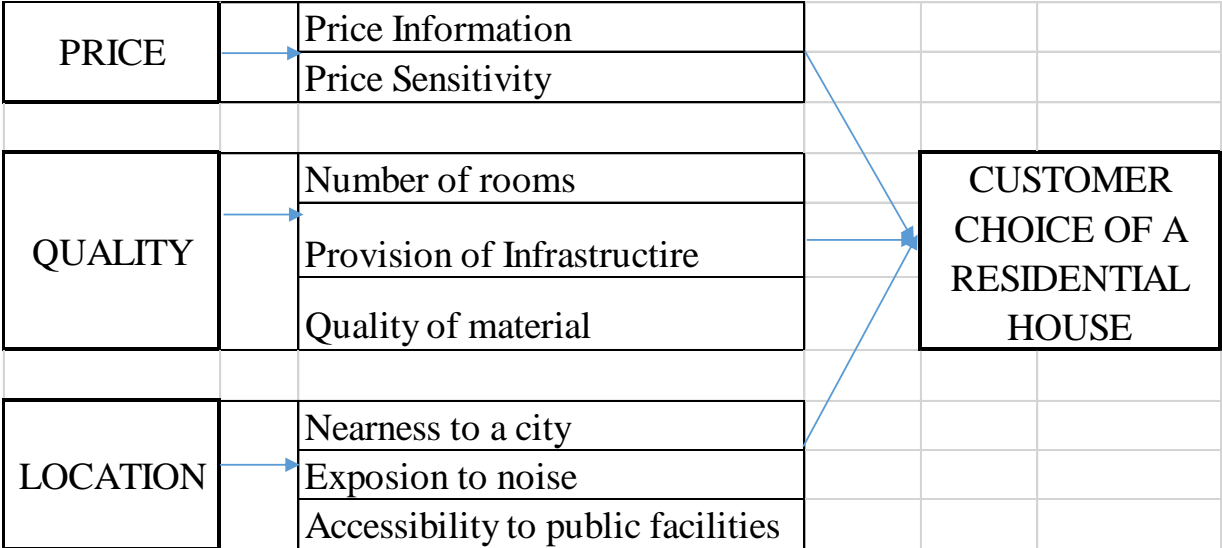
According to Green (1997), the quality and design of the housing also a major consideration in the decision-making process. However, these are often secondary attributes in comparison with built-up or cost considerations and they are moreover hard to quantify. For example, views of the open spaces or architectural design are difficult to measure.

According to a survey conducted by Sundrani, 92 per cent of respondents believed that location is everything while purchasing a house. Kauko, 2006 did a survey in Helsinki, and concluded that the location is conceded far more importance than the house itself. Chang, 2008 also concluded that people will choose the house carefully with respect to its location. (sundrani, 2017 )

235 working adults were the target data source to fill the questionnaire and distance is found as one of the attributes discussed and the study concluded that there is a significant positive relationship with house purchase intention This implied that consumers in Kota Kinabalu perceived considerable importance on distance especially from house to school, workplaces

and business center as compared to locations to perform other daily activities. (chia, et al., 2016)

Figure 2.1. Conceptual framework



Source: (Lee and Zhao, 2014, Martinez, 2014, Zeng, 2013 and Linqi, 2013)



## **CHAPTER THREE: RESEARCH METHODOLOGY**

### **3. Introduction**

#### **3.1. Description of the Study Area**

The case study of this paper focus only on Ayat, Flintstone, and Noah homes and the target area customers were consumers who have already bought a house from the stated real estate homes.

#### **3.2. Research Approach**

The researcher used quantitative research strategy because the study needs to address the effect of price, quality, and location on customer choice of a house. This could be based on theories and reviews of literatures that could identify the research problems and could able to give solutions.

The researcher used deductive type of reasoning. Because, the researcher collected views from the participants of the study and interconnect with a theory after generating a theme.

#### **3.3. Research Design**

The type of the research designs the researcher to use is called Explanatory, because the main aim of research is to identify any causal links between the factors or variables that pertain to the research problem.

#### **3.4. Population and Sample**

The populations of this study were people who bought and currently live in the house of Ayat, Flintstone, and Noah homes. The sample size was determined by “Yemane” formula out of the whole population. Data to be collected by the questionnaire was adapted from the concept of the study topic.

### 3.5. The Sampling Frame

The researcher used purposive type of sampling, because the target audiences were households who are living in the houses. Therefore, inhabitants on apartments located at Ayat (For Ayat real estate inhabitants), Twin cross (Flintstone home dwellers), and, Ayat (Noah real estate consumers).

According to the data the researcher got from the real states office, the number of dwellers in their respective developers is stated below;

**Table 1** Data of dwellers

Real Estate Developers	Total Number of Dwellers	Number of Dwellers Who Actually Own the House	Number of Dwellers Who Have Rent the House from Owners	Owners Who Haven't yet taken The Delivery
<b>AYAT</b>	<b>600(since 2006EC)</b>	<b>200</b>	<b>340</b>	<b>60</b>
<b>FLINSTONE</b>	<b>600</b>	<b>400</b>	<b>200</b>	<b>0</b>
<b>NOAH</b>	<b>300</b>	<b>50</b>	<b>155</b>	<b>95</b>
<b>TOTAL</b>	<b>1500</b>	<b>650</b>	<b>695</b>	<b>155</b>

The focus of this study is to analyse how home buyers were affected by price, quality and location of a house. So that the researcher contacted only households who are currently living in the house they have already bought.

Therefore, from the total population 1500, sample size taken from dwellers who actually own the house, which is 650.

Hence, according to Yamane formula; the sample size will be computed as follows.

$$n = \frac{N}{1 + (e^2 N)}$$

$$n = \frac{N}{1 + (0.05^2 \times N)}$$

$$n = \underline{650}$$

$$1 + (0.05^2 \times 650)$$

$$n = \underline{650}$$

$$1 + (0.05^2 \times 650)$$

$$n = \underline{650}$$

$$1 + (1.625)$$

$$n = \underline{650}$$

$$1.625$$

$$n = \underline{247}$$

### **3.6. Data Sources and Types**

The researcher used both primary and secondary sources to gather data. Questionnaire has been employed as a primary source, although documents, related researches, journals were used as a secondary source of data.

### **3.7. Data Collection and Procedures**

In this study, respondents were consumers of Ayat, Flintstone, and Noah homes located in various area of Addis Ababa city. The respondents were asked directly, home to home and only habitants who were willing to participate in the survey were given the questionnaire to fill and return back.

### **3.8. Ethical Consideration**

In the context of research, ethics is defined as the appropriateness of the researcher's behavior in relation to the rights of the participants or subjects of the research work.

Respondents were requested to provide information on voluntary basis, there was prior communication about the purpose of the study, and confidentiality of the information was also being guaranteed. And the introductory part of the questionnaire didn't invite the respondents to put their name. Furthermore, misleading or deceptive statements were avoided, in the questionnaires.

### 3.9. Data Analysis

The collected data was analyzed using SPSS (statistical package for social science). In this study only descriptive analysis were used to describe the data and examine relationships between variables under study. (Marczyk, et al., 2005) explain; descriptive statistics is used to describe the data collected in research studies and to accurately characterize the variables under observation within a specific sample. The principal objective of descriptive statistics is to accurately describe distributions of certain variables within a specific data set.

Below are details of the descriptive statistical tools used for the analysis; frequency distribution, measures of dispersion.

#### 3.9.1. Frequency distribution

Frequency distribution is simply a complete list of all possible values or scores for a particular variable, along with the number of times (frequency) that each value or score appears in the data set. Frequency tables can be used to provide a general overview of the distribution. (Marczyk, et al., 2005)

#### 3.9.2. Dispersion

Measures of central tendency, like the mean, describe the most likely value, but they do not tell us anything about how the values vary. *Dispersion of* a distribution provides us with information about how tightly grouped the values are around the center of the distribution (e.g., around the mean, median, and/or mode). The most widely used measures of dispersion are range, variance, and standard deviation. The variance of a distribution gives us an average of how far, in squared units, the values in a distribution are from the mean, which allows us to see how closely concentrated the scores in a distribution are. The *standard deviation* is simply the square root of the variance.

## CHAPTER FOUR: RESULTS AND DISCUSSION

### 4. Introduction

#### 4.1. Result and discussion

In this chapter, the collected data from consumers of Ayat, Flintstone, and Noah real estate are summarized and analyzed in order to realize the ultimate objective of the study. The purpose of this study was to investigate the effect of price, quality and location of a house on customer choice in the case of Ayat, Flintstone, and Noah real estate. A total of 247 sets of questionnaires were distributed to the potential respondents and a total of 230 questionnaires were collected. Out of this, 14sets of the questionnaires were considered ineffectual due to the fact that over 25 percent of the questions in part three of the questionnaires were not answered. It was assumed that the respondents were either unwilling to cooperate or not serious with the survey. Therefore, only 216 usable sets of collected questionnaires were used for the data analysis. Thereby, the response rate was 87 percent. As a 50% response rate is considered acceptable (Sekaran, 2003) the response rate of 87 % for this study was good. The information obtained from the respondents is summarized using frequency distribution by using SPSS version 20. The summarized data is then analyzed by applying descriptive analysis method using table following detailed explanations. Interpretation was made to demonstrate the relationship of dependent and independent variables using correlation analysis. Reliability testing and Hypothesis testing also included to this chapter.

Table 4.1: Response Rate

Total questioner Distributed	Response	Not Responded	Response Rate
247	216	31	87.45

Source: survey data (2019)

## 4.2. Background Information

To find out general background of the respondent, the respondents were asked their Age, Gender, Marital Status, Level of Education, Employment Group and their income. The results obtained from the structured questionnaires are represented on the table below.

Table 4.2 Characteristics of the Respondents

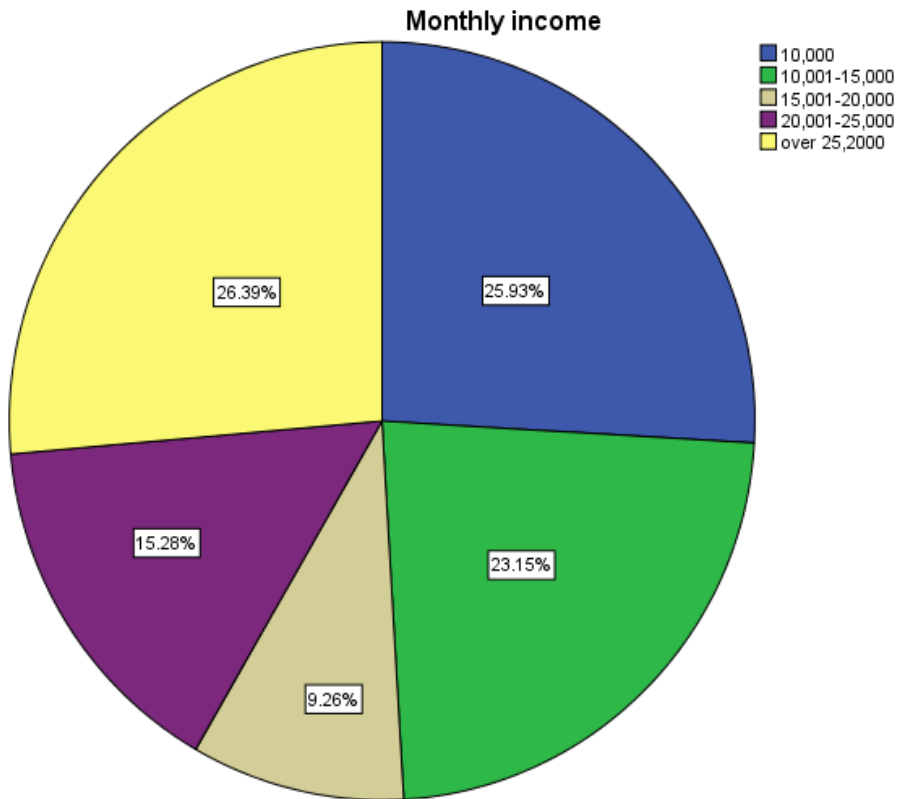
		Frequency	Percent	Cumulative Percent
Age	< 30 Years	12	5.6	5.6
	30 - 39 Years	84	38.9	44.4
	40 - 49 Years	66	30.6	75
	>= 50 Years	54	25	100
	Total	216	100%	
Gender	Male	127	58.8	58.8
	Female	89	41.2	100
	Total	216	100%	
Marital Status	Single	29	13.4	13.4
	Married	169	78.2	91.7
	Widow	12	5.6	97.2
	Divorced	6	2.8	100
	Total	216	100%	
Educational Level	Primary School Complete	6	2.8	2.8
	High school Complete	29	13.4	16.2
	TVET	11	5.1	21.3
	Diploma	88	40.7	62
	Degree	52	24.1	86.1

	M.A/MSc	30	13.9	100
	Total	216	100%	
Employment status	Private Business	132	61.1	61.1
	Civil Servant	42	19.4	80.6
	NGO	42	19.4	100
	Total	216	100%	

Source: survey data (2019)

From the 216 respondents 84(38.9%) were within the age group of 30-39, 66(30.6%) percent of the respondents were within the group of 40-49 years old, 25.0 % ( 54) of the respondents were above 50 years old, whereas the remaining 5.6 % (12) were less than 30 years old.

Regarding to their gender, more than half of the respondents 58.28%(127)) were males, and the remaining 89(41.2%) were females. Coming to respondent's marital status more than sixty percent 169(78.2%) are married, 13.4%(29) are single, the remaining 12(5.6%) and 6(2.8%) of the respondents replied as widow and divorced respectively. According to the above table, most of respondent's educational status lies on fourth group, which is diploma and accounts 88(40.7%), followed by degree holders which weights 52(24.1%), and also there are 30(13.9%) respondents who have master of arts/science, the rest percentage, 29(13.4), 11(5.1%), and 6(2.8) are accompanied of respondents who have high school certificate, TVET graduate and primary school complete. Coming to the subject of employment status, 132(61.1%) of the respondents run their own private business, civil servant and respondents who works in NGO share the same amount, 42(19.4%).



**Figure 4.1 Income of respondents**

As indicated above on the figure respondents who earn 10, 000 and above 25, 000, accounts almost equal ratio, which is 25.93% and 26.39% respectively. Whereas, 23.15% of respondents earn in between 10,001-15,000, the rest 15.28% and 9.26% represents respondents who earn 20,001-25,000 and 15,001-20,000 respectively.

#### **4.3. Reliability and Validity test**

As stated by “Hair et al., (2007) reliability indicates the extents to which some variables or set of variables is consistent in what it is intended to measure”. Reliability analysis used to measure the consistency of a questionnaire. There are different methods of reliability test, for this study Cronbach’s alpha is considered to be suitable. Cronbach’s alpha is the most common measure of reliability. For this study the Alpha coefficients for the dimensions and the overall scale calculated as a reliability indicator was presented in the following table. As described by



Andy (2006) the values of Cronbach's alpha more than 0.7 is good. The alpha values in this study were greater than 0.7 and had very good reliability for the questioners.

**Table 4.3: Result of reliability analysis for the questionnaire**

NO.	Indicators	Number of Attributes	Cronbach's Alpha
1	Price Sensitivity	8	0.888
2	Price information	2	0.872
3	Number of rooms	2	0.834
4	Provision of infrastructure	2	0.871
5	Quality of material	2	0.76
6	Nearness to a city	2	0.706
7	Exposed to noise	2	0.717
8	Accessibility to public facilities	2	0.718
9	Customer Choice	3	0.885
Overall		25	0.893

Source: survey data (2019)

#### **4.4. Descriptive analysis**

In this section, frequency distribution, percentage of respondents, mean and standard deviation for each of variables; price (price sensitivity and price information), quality (number of rooms, provision of infrastructure and quality of material) and location (nearness to a city, exposed to noise and availability of public facility) is described in detail.

##### **4.4.1. Price**

In this section its discussed about price sensitivity and price information as variable if it affects customer choices in the case of Ayat, Flintstone, and Noah real estate.

**Table 4.4 Price sensitivity**

NO.	ITEM	SD	D	Ne	A	SA	Mean	S.Dev
1	As for me the price of this house is fair to afford	16(7.4)	30(13.9)	46(21.3)	109(50.5)	15(6.9)	3.36	1.05
2	The price level of a house highly affected my decision	20(9.3)	58(26.9)	52(24.1)	72(33.3)	14(6.5)	3.01	1.11
3	I was positively affected by price level of real estate house	4(1.9)	40(18.5)	24(11.1)	104(48.1)	44(20.4)	3.67	1.06
4	I choose to live this area because of the price of a house	58(26.9)	38(17.6)	60(27.8)	33(15.3)	27(12.5)	2.69	1.35
5	I attach price of a house with its quality	45(20.8)	29(13.4)	53(24.5)	57(26.4)	32(14.8)	3.01	1.35
6	I choose to live in this home because it has relatively low price than other type of houses	20(9.3)	38(17.6)	37(17.1)	72(33.3)	49(22.7)	3.43	1.27
7	For high quality houses I am less sensitive of price	11(5.1)	28(13.0)	70(32.4)	76(35.2)	31(14.4)	3.41	1.05
8	I consider my income when I look for a house price	14(6.5)	25(11.6)	36(16.7)	83(38.4)	58(26.9)	3.68	1.18

Source: survey data (2019)

For the first question, 109(50.5%) of the respondents said agree on the statement that the house price is fair to afford, and the average result also implies agree with 3.36 result;

For item number 2, most of the respondents 72(33.3%) agree that the price level of a house has highly affected their choice. But majority of the respondents are neutral of the statement as the mean value is 3.01.

Coming to the third question, respondents still agree that price has affected them positively which weights 48.1% (104), and also the mean result shows that 3.67 which refer to most of the respondents agreed with the statement about the price level of a house.

For the fourth item, 60(27.8%) respondents neither agree nor disagree with the statement. So, we can conclude that most of the respondents doesn't choose the house they are currently living in due to its price.

In addition, the result implies for question number five shows neutral. Meaning that they neither agree nor disagree with the statement dwellers do not attach price of a house with its quality. So, standing from the result we can conclude that majority of the respondents do not attach price of a house with its quality.

The next question asks if the buyers have compared price of a house before decision, and 72(33.3%) answered agree with the statement. With mean result of 3.43, we can summarize that dwellers have compared the price of different type of a houses and finally bought a house which is relatively cheaper.

50% of the respondents regarding the sensitivity of customers tagged to high quality houses agreed that they are less sensitive to price when the house have high quality. Depending on the mean result 3.41, we can generalize that dwellers are less sensitive to price when the house is high quality.

For the last question, 141(63.3%) of the respondents agree with high similar result on average that income was one of the factor they have considered while looking for a house. Accordingly, it can be concluded that dwellers have bought a house taking in to consider there earn.

**Table 4.5 Price information**

NO.	ITEM	SD	D	Ne	A	SA	Mean	S.Dev
1	Being informed about house price affected my	28(13.0)	51(23.6)	43(19.9)	78(36.1)	16(7.4)	3.01	1.19

	choice							
2	If I weren't informed about the price of a house, I wouldn't buy it	23(10.6)	29(13.4)	56(25.9)	66(30.6)	42(19.4)	3.35	1.24

Source: survey data (2019)

As shown on the table above two questions were provided to respondents related to price information, to describe in detail; 36% (78) of respondents agree that price information affected their choice and has mean value 3.01 which indicates that the average respondents is very close to neutral response. Based on this, it can be summarized as neutral for the whole sample population.

And for the second item, 108(50%) of respondents gave a response for Agree, as the result of mean is very close to 3.5 it refers that most respondents agreed on the statement that being informed about the price of a house has affected customer choice of a house.

**Table 4.6 Price**

	N	Minimum	Maximum	Mean	Std. Deviation
Price Sensitivity	216	1.38	4.50	3.2801	.88624
Price information	216	1.00	5.00	3.1806	1.14315
Valid N (listwise)	216				

Source: survey data (2019)

#### 4.4.2. Quality

In this section it's discussed about how number of rooms, provision of infrastructure, and quality of material has affected customer choices of a house in the case of Ayat, Flintstone, and Noah real estate is discussed in detail.

**Table 4.7 Number of rooms**

NO.	ITEM	SD	D	Ne	A	SA	Mean	S.Dev
1	I attach quality of a house with its number of rooms	16(7.4)	38(17.6)	30(13.9)	87(40.3)	45(20.8)	3.5	1.21
2	I see a house as poor quality if it has more rooms	32(14.8)	62(28.7)	55(25.5)	52(24.1)	15(6.9)	2.8	1.17

Source: survey data (2019)

For the question given as the attachment between number of rooms with it quality, majority of the respondents value a house which has more rooms, meaning they agree with the statement 132 (61.1%). On the other side respondents disagree with the statement of item number 2, 62(28.7%), meaning they don't count a house as a poor quality if it has More rooms.

**Table 4.8 Provision of sustainable infrastructure**

NO.	ITEM	SD	D	Ne	A	SA	Mean	S.Dev
1	I gave due attention to the provision of sustainable infrastructure before I bought my house	15(6.9)	50(23.1)	35(16.2)	75(34.7)	41(19.0)	3.36	1.22
2	Infrastructure matters the quality of the house	33(15.3)	33(15.3)	25(11.6)	84(38.9)	41(19.0)	3.31	1.35

Source: survey data (2019)

Here, the result from table 4.7. shows that 116(53.7%) agree that they gave due attention if the house has sustainable infrastructure and most of the respondents share their response as the mean is near to 4. Which refers that, wide of the sample population agree with the provision of sustainable infrastructure.

For the subsequent question, the majority of respondents agree to say that infrastructure matter the quality of a house, which accounts 125(57.9%) and again the mean result is very close to 4, which can lead us to conclude that most of the respondents have agreed that infrastructure matters quality of a house.

**Table 4.9 Quality of Material**

NO.	ITEM	SD	D	Ne	A	SA	Mean	S.Dev
1	I was very curious about the material used to build the house	12(5.6)	0(0.0)	59(27.3)	93(43.1)	52(24.1)	3.8	0.99
2	I bought this house because it was made with quality material	22(10.2)	45(20.8)	73(33.8)	51(23.6)	25(11.6)	3.06	1.15

Source: survey data (2019)

According to Table 4.8, descriptive statistic of the listed two questions; most respondent averagely agree with the first question that they were very curious about the material the house was built, and the percentage accounts 145(67.2%). So, we can summarize that dwellers were very curious about the material used to build the house.

Contrary to the first question respondents remain neutral for the question that the reason they bought the house is due to the fact that the house is built with quality material, the weight 73(33.8%), with average result of 3.06. Therefore, we can conclude that the sample population has neutral opinion regarding to the decision they made to buy the house was not due to the fact of the material is quality.

**Table 4.10 Quality**

	N	Minimum	Maximum	Mean	Std. Deviation
Number of rooms	216	1.00	5.00	3.1458	1.10213
Provision of infrastructure	216	1.00	5.00	3.3333	1.21234
Quality of material	216	1.00	5.00	3.4282	.96240
Valid N (listwise)	216				

Source: survey data (2019)

#### **4.4.3. Location**

Questions related to this subject intend to know customer view regarding how far/near a house was to a city, exposed to noise, and accessibility to public facilities has affected customer choice.

#### **4.11. Nearness to a city**

NO.	ITEM	SD	D	Ne	A	SA	Mean	S.Dev
1	I preferred a house located in the middle of a city	32(14.8)	74(34.3)	51(23.6)	33(15.3)	26(12.0)	2.75	1.23
2	Before I came to a decision, I highly considered how far/near the city was from the house	9(4.2)	45(20.8)	62(28.7)	81(37.5)	19(8.8)	3.26	1.02

Source: survey data (2019)

Related to the first question respondents disagree that they don't prefer a house which is located in the middle of a city. This is agreed by almost 50% of the sample respondents. With the mean result of 2.75, consequently, it can be concluded that most of the respondents chose a house which is far from a city.

Proceeding with the second question dwellers came to a decision after considering the location of a house whether its far or near to a city. The value shows that 46.3% of the respondents agree with the statement. Accordingly, we can conclude that habitants highly took in to consider the location of a house compared to its closeness or farness from a city.

**Table 4.12 Exposed to noise**

NO.	ITEM	SD	D	Ne	A	SA	Mean	S.Dev
1	I earnestly looked to a house which isn't exposed to noise	18(8.3)	60(27.8)	16(7.4)	84(38.9)	38(17.6)	3.3	1.27
2	My decision to purchase a house was highly affected by where its located	16(7.4)	43(19.9)	76(35.2)	54(25.0)	27(12.5)	3.15	1.11

Source: survey data (2019)

The above question which were raised to rate consumers view related to their reaction on a house which is exposed to noise results is described as below.

More than half percent of the respondents agree that they looked and chose a house which isn't exposed to noise. With the mean result of 3.3, we can generalize that dwellers wanted a house which is free of any unnecessary noises.

Secondly, respondents were neutral if location of a house has affected their buying decision of a house. As indicated above in the table 4.10, average of the total sample population agreed on the statement so that we can summarize the finding by saying that location of a house neither affected nor disaffected customer choice of a residential house.



**Table 4.13 Accessibility to public facilities**

NO.	ITEM	SD	D	Ne	A	SA	Mean	S.Dev
1	I believe that the house I live has enough public facilities to use	14(6.5)	10(4.6)	36(16.7)	105(48.6)	51(23.6)	3.78	1.06
2	Before taking my decision, I seriously watched the compound of the house to know if public facilities already exist	7(3.2)	25(11.6)	35(16.2)	91(42.1)	58(26.9)	3.78	1.07

Source: survey data (2019)

Regarding the questions raised above wide group of the respondents incline to agree with the first item, and the result of mean which closes to 4 confirm us that average respondents agree on the statement. Hence, the conclusion can be taken as habitants believe that the house they are currently living has enough public facilities.

And also, utmost respondents agreed with the second item, which takes 149(69%) of the total sample respondent. Which tells us that majority of respondents seriously checked the existence of public facilities before they chose the house. With same response on average.

**Table 4.14 Location**

	N	Minimum	Maximum	Mean	Std. Deviation
Nearness to a city	216	1.00	5.00	3.0069	.99356
Exposed to noise	216	1.00	5.00	3.2245	1.05403
Accessibility to public facilities	216	1.00	5.00	3.7801	.94082
Valid N (listwise)	216				

Source: survey data (2019)

#### 4.4.4. Customer Choice

**Table 4.15 Customer Choice**

NO.	ITEM	SD	D	Ne	A	SA	Mean	S.Dev
1	When I feel that I can afford the cost of the house I decided and bought it.	24(11.1)	34(15.7)	37(17.1)	68(31.5)	53(24.5)	3.43	1.31
2	I decided to buy the house after confirming the completeness of all the necessary facilities in the house	11(5.1)	28(13.0)	70(32.4)	72(33.3)	35(16.2)	3.43	1.07

3	Being informed regarding the whole process of buying a house has played a great role on my decision	14(6.5)	29(13.4)	36(16.7)	79(36.6)	58(26.9)	3.64	1.2
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Source: survey data (2019)

Depending on the outcome of the total respondents detailed by SPSS, its clearly shown that most of the respondents agree on the statements. And the mean of all result is also very near to 4, which tells us that the majority respondents have agreed on all items. By which for the first item 121(56%), number two 107(49.5%), and the last one 137(63.5%).

Based on the result we can condense as follows respective of the question in sequence;

- Dwellers decided to bought the house when they feel that they can afford it
- Dwellers made decision to buy their house after being sure of the completeness of all the necessary facilities
- Having full information regarding the whole process to buy a house has highly affected decision of customer on house choice.

## **CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATION**

### **5. Introduction**

This chapter includes the summary of findings and concludes with recommendations or suggestions.

#### **5.1. Summary of Key Findings**

The analysis chapter started with the reliability and validity analysis of the survey instrument. The results were satisfactory and confirmed that the instrument was reliable and valid. The demography of respondent indicated that the majority of the respondent were male (58.18%), and the sample population was largely dominated by the age range 30-39 years (38.9%), 78.2% are married. (40.7%) have completed their diploma, and 61.1% off the respondents are engaged on private business. And 26.39% from the total population earn an income over 25, 000 birr.

Though most customers believe that they can afford the price of the house they bought, Customers price sensitivity has affected customer choice, which means the more customers are sensitive to price the less they respond to decide on customer choice. In case of number of rooms customers reacted as neutral for houses which has more rooms, by which it means dwellers were not interested with a house which has more rooms. In addition, customers attach provision of infrastructure with quality of a house. The last variable related to quality was quality of material, and it shows that more than half of the respondents agreed that quality of material has direct relation with their choice and affected their decision as well. Proceeding to the variables related location, the respondents are neutral to the variable nearness to a city, meaning that they don't mind to live either in the city or out of a city. However, accessibility to public facilities and exposed to noise has a different reply. Respondents agree that they preferred a house which isn't exposed to noise and they chose to live a house which has full public facilities.

affected by a house which is located near to a city, however accessibility of public facilities has a very significant influence on customer choice, meaning that customers responded positively for a house which has sufficient accessibility to the compound.

According to the result of the study, the reason behind for consumers to choose a house is affected by price sensitivity, provision of infrastructure, quality of material, the exposed to noise, and accessibility to public facilities. However, respondents were neutral about the effect of price information, number of rooms and nearness to a city on their house choice decision,

## **5.2. Conclusion**

The purpose of this study was to identify factors affecting real estate customer's choice of residential houses; evidence from some selected real estate companies in Ethiopia. The real estate developers chosen were Ayat, Flintstone, and Noah real estate. The variables studied were price sensitivity, price information, number of rooms, availability of infrastructure, quality material, nearness to a city, exposed to noise, and provision of public facilities.

There were eight different variables which were forwarded to the consumers to know their effect on their choice. However, only six variables (price sensitivity, provision of infrastructure, quality of material, exposed to noise, and accessibility to public facilities) has got a result which indicates that it has effect on their choice of a house. Therefore, the management team shouldn't give due attention for the rest variables as they don't affect customer choice seriously and focus on those variables who have direct attachment with customer's choice.

### 5.3. Recommendation

Residential house is one of the basic necessity that a human being should to live life in security. Buying a residential house can be affected by different factors. It could be affected with price, quality, location, and other related factors. According to the result of this study, the major factors that affected dwellers decision were price sensitive, give due attention for quality material, and location which matters the peace if its exposed to noise in addition nearness to a city and accessibility to public facilities also has an effect on buyers. This study provides management body of Ayat, Flintstone, and Noah real estate the area which they need to focus. Thus, according to the major findings that has been discussed so far the following points are recommended by the student researcher.

- **Price sensitivity:** - customers are sensitive to price, so that real estate business has to provide/built a house that can be afforded by most people.
- **Provision of infrastructure:** - dwellers value a house as a quality if it has full infrastructure, so that the management has to be careful that all infrastructures are finalized before delivery.
- **Quality of material:** house is an asset, so that the companies should give emphasis on the material they are using to build the house, and customers don't usually look for a house with many rooms, so that real estates should provide a house with average rooms of a house.
- **Location:** - customers do not prefer a house which is exposed to unnecessary noise, in addition they want a compound which has sufficient public facilities. Therefore, the management has to take account this point in to consideration.

#### **5.4. Recommendation for further research**

There could be so many factors that affect customer's residential house buying decision. But, as it is clearly discussed on this study only three variables (with eight sub variables) were addressed if they are affecting customer choice of a house. Therefore, other researcher has to look for other factors that affect customer choice of a house.

In addition to this, as this research is analyzed only by descriptive analysis coming researchers need to assess the strength of the relationship between the independent variable and dependent variable using inferential analysis.

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# APPENDICES

## APPENDIX I

### A Structured Questionnaire of the study participant

**Dear respondent,**

The purpose of these questionnaires is to gather information in order to know the effect of price, quality, and location on customer choice of a house in the case of Ayat, Flintstone, and Noah homes Addis Ababa, Ethiopia. The study is surely for research purposes and the survey should only take 4-5 minutes to complete.

Be assured that all answers you provide will be kept in the strictest confidentiality for the fulfillment of master's degree in Marketing Management from Addis Ababa University and to this there is no need of writing a name.

Thank you for agreeing to take part in this important survey!!

**NB. Tick the relevant option and fill the specific information**

#### Section I: Background Information

1. Age\_\_\_\_\_

2. Sex \_\_\_\_\_

3. Marital status

a. single  b. married  c. Widowed  d. Divorced

4. Educational level?

a. Write and read  c. Primary &secondary

d. TEVT level  e. Diploma  f. Degree  g. Other\_\_\_\_\_

**Section II: Socio-economic characteristics**

1. What is your employment status?

- a. Private business  b. civil servant  c. Private sector employee   
d. NGO  e. Other (specify) \_\_\_\_\_

2 Which set well describes your total monthly income? (In Birr)

- a. 10,000  b. 10,001– 15, 000  c. 15,001 – 20,000   
d. above 20, 001-25,000  e. above 25,000

Section III: questions related to the independent variables

Please fill the questionnaire by ticking the most appropriate level of agreement for the inquiries. (From Strongly Disagree to Strongly Agree)

Name	Label		Strongly Disagree(1)	Disagree(2)	Neutral(3)	Agree(4)	Strongly Agree(5)
PRSENI1	Price Sensitivity1	As for me the price of this house is fair to afford					
PRSENI2	Price Sensitivity2	The price level of a house highly affected my decision					
PRSENI3	Price Sensitivity3	I am positively affected by price level of real estate house					
PRSENI4	Price Sensitivity4	I choose to live this area because of the price of a house					
PRSENI5	Price Sensitivity5	I attach price of a house with its quality					
PRSENI6	Price Sensitivity6	I choose to live in this home because it has relatively low price than other type of houses					
PRSENI7	Price Sensitivity7	For high quality houses I am less sensitive of price					
PRSENI8	Price Sensitivity8	I consider my income when I look for a house price					
PRIFO9	Price information9	Being informed about house price affected my choice					
PRIFO10	Price information10	If I weren't informed about the price of a house I wouldn't buy it					

QUROO1 1	Number of rooms 11	I attach quality of a house with its number of rooms					
QUROO1 2	Number of rooms 12	I see a house as poor quality if it has more rooms					
QUINFR A13	Provision of infrastructure 13	I gave due attention to the provision of sustainable infrastructure before I bought my house					
QUINFR A14	Provision of infrastructure 14	Infrastructure matters the quality of the house					
QUMAT1 5	Quality of material 15	I was very curious about the material used to build the house					
QUMAT1 6	Quality of material 16	I bought this house because it was made with quality material					
LOCNEA 17	Nearness to a city 17	I preferred a house located in the middle of a city					
LOCNEA 18	Nearness to a city 18	Before I came to a decision, I highly considered how far/near the city is from the house					
LOCEXN O19	Exposed to noise 19	I earnestly looked to a house which isn't exposed to noise					
LOCEXN O20	Exposed to noise 20	My decision to purchase a house was highly affected by where its located					
LOCACP F21	Accessibility to public facilities 21	I believe that the house I live has enough public facilities to use					
LOCACP F22	Accessibility to public facilities 22	Before taking my decision, I seriously watched the compound of the house to know if public facilities already exist					

Section IV- questions related to the dependent variable							
Name	Label		Strongly Disagree(1)	Disagree(2)	Neutral(3)	Agree(4)	Strongly Agree(5)
CC23	Customer Choice 23	When I feel that I can afford the cost of the house I decided and bought it.					
CC24	Customer Choice 24	I decided to buy the house after confirming the completeness of all the necessary facilities in the house					
CC25	Customer Choice 25	Being informed regarding the whole process of buying a house has played a great role on my decision					

**Thank you for your cooperation!**



ለጥናቱ ተሳታፊዎች የተዘጋጀ መጠይቅ

ውድ ተሳታፊ

የዚህ መጠይቅ አላማ የቤት ዋጋ፣ ጥራት፣ እና ቦታ የደንበኞች የቤት ምርጫ ውሳኔ ላይ ተፅዕኖ አሳድሮ እንደሆነ ለማጥናት ሲሆን የጥናቱ ተሳታፊዎች በአያት፣ ፍሊንትስቶን እና ናህ ሪል እስቴት ባስገነባቸው ቤቶች የሚኖሩ ቤተሰቦች/ግለሰቦች ይሆናሉ።

ጥያቄዎችንም ለመመለስ ከ 4-5 ደቂቃ ይወስድቦታል

ለቀረቡት ጥያቄዎች የሚሰጡት መልስ ለጥናቱ መሳካት ብቻ የሚውል በመሆኑ ምላሽ በፍፁም ሚስጥራዊነት እንደሚጠበቅሎት ላረጋግጥ እወዳለው።

ጊዜዎትን ሰውተው ለመሳተፍ ፈቃደኛ ስለሆኑ ከልብ አመሰግናለው!!

ማስታወሻ፡ በሳጥኑ ውስጥ ምልክት በማድረግ መልሱን ይስጡ

ክፍል 1: ግለ-ታሪክ

1. ዕድሜ \_\_\_\_\_

2. ፆታ \_\_\_\_\_

3. የጋብቻ ሁኔታ

ሀ. ያላገባ  ለ. ያገባ  ሐ. ባል/ሚስት የሞተበት  መ. የተፋታ

4. የትምህርት ደረጃ

ሀ. መፃፍ እና ማንበብ የሚችል  ለ. የመጀመሪያ እና ሁለተኛ ደረጃ

ሐ. ቴክኒክና ሞያ  መ. ዲፕሎማ  ሠ. የመጀመሪያ ዲግሪ  ረ. ሌላ (ይግለፁ) \_\_\_\_\_

**ክፍል II: የማህበራዊና ኢኮኖሚያዊ ደረጃ**

1. አሁን ያሉበት የስራ ሁኔታ

ሀ. የግል ስራ  ለ. የመንግስት ተቀጣሪ  ሐ. የግል ድርጅት ተቀጣሪ(NGO)

ሠ. ሌላ (ይጥቀሱ) \_\_\_\_\_

2 ከተጠቀሱት ምርጫዎች የትኛው ሳጥን የእርሶን ገቢ ይወክላል(በ ብር)

ሀ. 10,000  ለ. 10,001- 15,000  ሐ. 15,001 - 20,000

መ. 20, 001-25,000  ሠ. ከ 25,000 በላይ

ውድ መላሽ በተቀመጠው ክፍት ቦታ ምልክት መስጠት ለጥያቄዎች ተገቢውን መልስ እንዲሰጡ በአክብሮት ይጠየቃሉ

**ክፍል III: የማህበራዊና ኢኮኖሚያዊ ደረጃ**

Name	Label		በሀይል አልስማማም (1)	አልስማማም(2)	ገለልተኛ(3)	አስማማለው (4)	በሀይል አስማማለው (5)
PRSENI1	Price Sensetivity1	የቤቱ ዋጋ ለገዢው ተመጣጣኝ ነው					
PRSENI2	Price Sensetivity2	የመኖሪያ ቤት መሸጫ ዋጋ ቤት ስገዛ በከፍተኛ ሁኔታ ተፅዕኖ አሳድሮብኛል					
PRSENI3	Price Sensetivity3	በሪለ ገዢዎች የሚቀርበው የመኖሪያ ቤት ዋጋ አዎንታዊ የሆነ ተፅዕኖ አሳድሮብኛል					
PRSENI4	Price Sensetivity4	መኖሪያ አድራሻዬ በዚህ አካባቢ እንዲሆን የወሰንኩት የዚህ አካባቢ ቤቶች ዋጋን እንደምከንያት በመውሰድ ነው					

PRSENI5	Price Sensetivity5	ለእኔ የቤት ዋጋ ማለት የቤት ጥራት እንደማለት ነው					
PRSENI6	Price Sensetivity6	አሁን የምኖርበትን ቤት ለመምረጥ የቻልኩት ከሌሎች የቤት አይነቶች አንፃር ዋጋው ስለሚቀንስ ነው					
PRSENI7	Price Sensetivity7	የገዛሁት ቤት ጥራቱ ከፍተኛ ሆኖ ስላገኘሁት ስለዋጋው ብዙም ግድ አልነበረኝም					
PRSENI8	Price Sensetivity8	ቤቴን ለመግዛት ሳስብ ገቢዬን ከግንዛቤ ውስጥ አስገብቻለው					
PRIFO9	Price information9	ስለቤት ዋጋ የነበረኝ መረጃ ቤት የመግዛት ምርጫ ላይ ተፅዕኖ አሳድሮብኛል					
PRIFO10	Price information10	ስለቤት ዋጋ መረጃ ባይኖረኝ ኖሮ ቤት መግዛት አልችልም ነበር					
QUROO11	Number of rooms 11	የቤት ጥራትን የማያይዘው ቤቱ ካሉት የክፍል ብዛት ጋር ነው					
QUROO12	Number of rooms 12	አንድ ቤት ብዙ ክፍሎች ካሉት ዝቅተኛ ጥራት ያለው ቤት እንደሆነ እውስዳለው					
QUINFRA13	Provision of infrastructure 13	ቤት ከመግዛቱ በፊት በአከባቢው ዘላቂ/ባቂ የሆነ መሰረተ ልማት መሟላቱን ጠለቅ ያለ ትኩረት አሰጣለሁ					
QUINFRA14	Provision of infrastructure 14	የመሰረተ ልማት መሟላት የአንድን ቤት ጥራት ይወስናል					

QUMAT15	Quality of material 15	ለመግዛት ያሰብኩት ቤት የተሰራበትን ቁሳቁስ ለማወቅ በጣም ጉጉት ነበረኝ					
QUMAT16	Quality of material 16	ይህን ቤት የገዛሁበት ምክንያት የተሰራበት ቁሳቁስ ጥራት ያለው በመሆኑ ነው					
LOCNEA17	Nearness to a city 17	ይህንን ቤት ለመምረጥ የቻልኩት በከተማ መሀል ስለሆነ ነው					
LOCNEA18	Nearness to a city 18	ይህን ቤት ለመግዛት ከመወሰኔ በፊት ቤቱ ከከተማው ሩቅ/ቅርብ መሆን አለመሆኑን በማጤን ነው					
LOCEXNO19	Exposed to noise 19	ቤት ለመግዛት ስወስን አከባቢው ለአላስፈላጊ ድምፅ ያልተጋለጠ መሆኑን በደንብ በማጤን ነው					
LOCEXNO20	Exposed to noise 20	ቤት ለመግዛት በማደርገው ሂደት ቤቱ የሚገኝበት ቦታ ውሳኔዬ ላይ በጣም ተፅዕኖ አሳድሮብኛል					
LOCACPF21	Accessibility to public facilities 21	አሁን የምኖርበት ቤት በቂ የሆነ የህዝብ መገልገያ አቅርቦት ስላለው ልመርጠው ችያለው					
LOCACPF22	Accessibility to public facilities 22	ቤቴን ለመግዛት ከመወሰኔ በፊት በአከባቢው የህዝብ መገልገያ አቅርቦት መኖር አለመኖሩን በአትኩሮት ተመልክቻለው					

ክፍል IV: ከደንበኞች ምርጫ ጋር የተያያዘ ጥያቄ							
Name	Label		በሀይል አልሰማም (1)	አልሰማም(2)	ገለልተኛ(3)	አሰማለው (4)	በሀይል አሰማለው (5)
CC23	Customer Choice 23	የቤቱን ዋጋ መክፈል እንደምችል ሲሰማኝ ወስኜ ገዝቼዋለሁ					
CC24	Customer Choice 24	ቤቱን ለመግዛት ውሳኔ ላይ የደረስኩት አስፈላጊ የሆኑ ነገሮች(Facilities) በሙሉ መሞላታቸውን ካረጋገጥኩ በሁላ ነው					
CC25	Customer Choice 25	ስለቤት ግዢ ሂደት አጠቃላይ መረጃ ማግኘቴ ቤቱን የመግዛት ውሳኔ ላይ በጣም ትልቅ ሚና ተጫውቶአል					

አመሰግናለሁ!