

Cross-Cultural Study Of Home Buying Behavior: Single-Detached Home Buyers In Indiana And Nova Scotia

Erdener Kaynak
Ugar Yavas

This study examines the salient selection criteria and purchase behavior of Nova Scotia and Indiana buyers of single-detached houses. The study considers features of the house and economic and locational factors deemed important by recent home buyers in making the home-buying decision.

There is a growing interest in applying marketing management techniques to study the decision making behavior of home buyers. In buying housing, families purchase a wide variety of services at a particular location. These include a certain number of square feet of living space; different kinds of rooms; a particular structural type; accessibility to school, church, shopping and employment; a neighborhood environment and a diverse collection of public and quasi-public services (Kain and Quigley, 1970).

Ownership of a single-family detached house has been the most preferred form of housing in both Canada and the U.S. (Professional Builder, 1980), being preferred by 80 percent of buyers in Nova Scotia and by over 90 percent in Indiana. It is anticipated that the single-detached house will remain the most preferred type of housing (Professional Builder, 1978).

Erdener Kaynak is an Associate Professor of Marketing & Chairman, Department of Business Administration, Mount Saint Vincent University, Halifax, Nova Scotia, Canada, B3M 2J6. Ugar Yavas is Associate Professor of Industrial Management, University of Petroleum and Minerals, Dhahran, Saudi Arabia. At the time this study was conducted he was at Ball State University.

There have been few empirically based cross-cultural comparisons of home buying decisions. Home ownership in different cultures could have completely different implications. The proverb that "a man's home is his castle" is far more applicable in the United Kingdom, where castles can in fact be found, than in the United States or Canada where the geographic and social mobility of the population means that the regular exchange of homes is a commonplace experience during the life cycle of most families (Hempel, 1972, 1974). As North Americans are more mobile than Europeans, the decision-making patterns of husband and wife and the amount of effort spent in making a home-buying decision could be quite different among the U.S., and Canadian and United Kingdom families (Kaynak and Yavas, 1981).

The question remains, however, whether possible differences in husband/wife decision making and buying behavior patterns are due to differences in physical and neighborhood characteristics of the homes, or to differences in the socio-economic and cultural characteristics of the home buyers.

To help resolve the question of physical versus social determinism, this article explores variables in-

fluencing home selection and purchase decisions of recent home buyers in Indiana and Nova Scotia. The analysis centers upon cross-cultural comparison of four specific home selection decision factors.

The Market

The housing market is complex and multi-dimensional with at least three groups of active participants: controlling agencies (e.g. government); private and public sector supply agencies (e.g. local housing associations, builders, and contractors); and potential buyers of houses (MacMurray and Shoults, 1973). Differences in these market forces could make a difference in the housing acquired in different cultural groups without actually reflecting preferences of those groups.

Most housing demand studies focus on the socio-economic, demographic and physical attributes of neighborhoods. As an extension of this, the influence of quality of life considerations on housing prices has been looked at. For example, favorable attributes include absence of industry, access to open space and parks, presence of good local schools, and a homogeneous neighborhood racial and ethnic composition. Unfavorable neighborhood aspects include noise, pollution, crime, overcrowding, and proximity to heavy industry (Alonso, 1964; Nakazawa, 1979).

Studies by Hempel (1974) of family decision-making processes in Hartford, Connecticut, and Preston-Lancaster, England, provide valuable information on how culture influences consumer behavior. In a cross-cultural comparison of husband/wife interaction in specific homebuying decisions, Hempel found a considerably greater tendency for the husband to be the idea initiator in England than in the U.S., although the final decision tended to be decided jointly in both England and the U.S. There were some variations within this general pattern, however. While neighborhood and housestyle decisions were reported as joint decisions by more than 75 percent of the couples, fewer than half claimed that the choice of a source of mortgage was a joint decision. More joint decision-making was reported in England than in the United States.

Methodology

This study concentrates on the attitudes of home buyers in order to help identify and measure the variables which directly influence the selection/preference of a dwelling in Canada and the U.S. As the number of possible variables is quite large, the study was limited to 25 items, determined by a pilot survey of the opinions of housing experts, real estate agents and people who were planning to purchase a house.

The data for this study were obtained from two surveys conducted in Canada (1979) and the U.S. (1980). Names of recent buyers of new and existing detached and semi-detached homes were obtained from municipal authorities in Wolfville, New Minas; Kentville, Nova Scotia; and Muncie, Indiana. From the original lists, 250 Canadian households and 500 U.S. households were randomly selected. Usable responses were obtained from 182 Canadian and 318 U.S. households. The samples were similar in terms of socioeconomic and demographic characteristics, although the U.S. sample contained a slightly higher proportion of single person and smaller households than the Canadian sample.

The data collection instruments were identical except for some minor adaptations in the attributes. The information was gathered by personal interviews in Canada and by a drop-in, pick-up method in the U.S. A five point Likert-type scale was used for the 25 attributes, asking the respondents to indicate the level of importance of each. The responses were scored by assigning a value of "1," no importance; "2," little importance; "3," some importance; "4," important; and "5," very important.

The method of analysis was an R-factor analysis on the data of the 25 items. The results of the measurement were initially used to produce a correlation matrix of the Spearman (non-parametric) type. These were then factor analyzed by the Statistical Packages for Social Sciences using the R-factor analysis method (Nie and Hull, 1980). This technique was selected because it enables the reduction of the variables to a smaller set of independent factors.

Table 1. — Factor analysis of 25 items related to house selection, Nova Scotia. Varimax rotated factor variable loadings, communalities, eigenvalues and percent of variance accounted for.

Attributes Influencing Home Purchase In Eastern Canada	No.	Factors				Communalities (h ²)
		A House Quality	B Style of Home	C Neighborhood	D Indoor Facilities	
Mortgage Availability	1	.53	.17	-.15	.01	.55
Price Value (as assessed by an assessor)	2 3	.12 .18	.03 .42	.03 -.07	.12 -.02	.53 .39
Kitchen Fittings (existence of fitted cupboards)	4	.50	.18	.06	.58	.65
Baths (fully fitted)	5	.51	-.07	.33	.50	.67
Integral Garage	6	.14	-.20	.10	.52	.40
Oil Central Heating	7	-.10	.14	-.24	.38	.26
Other Forms of Heating	8	.36	.06	.30	-.16	.38
Double Glazing	9	.62	.15	.11	.05	.52
Roof Insulation	10	.84	.14	.08	.05	.82
Wall Cavity Insulation	11	.87	.09	.07	.08	.80
Building Quality	12	.43	-.06	.21	.10	.53
Income Level	13	.04	.03	.19	-.02	.29
Spaciousness	14	-.08	.30	.49	.29	.46
Front Garden	15	.18	.19	.04	.19	.79
Back Garden	16	.18	.18	.36	-.04	.55
Character of the Home	17	.08	.69	.41	.02	.68
Design of the Home	18	.12	.91	.07	.21	.91
Styling of the Home	19	.08	.80	.22	.18	.73
Layout of the Home	20	.27	.63	.37	.07	.64

(Table continued on next page)

Attributes Influencing Home Purchase In Eastern Canada	No.	Factors				Communalities (h ²)
		A House Quality	B Style of Home	C Neighborhood	D Indoor Facilities	
Number of Rooms	21	.28	.22	.48	.06	.42
Newness/Age of the Home	22	.39	.10	.15	.26	.29
Waiting Period	23	.23	-.07	.06	.24	.80
Location (district)	24	.08	.21	.79	.05	.70
Neighborhood	25	.08	.15	.71	-.06	.57
Eigenvalues (latent roots)		6.77	2.55	1.51	1.07	
% of Variance		47.20	17.80	10.50	7.50	
Cumulative Variance		47.20	64.90	75.50	82.90	

Table 2. — Factor analysis of 25 items related to house selection, Indiana. Varimax rotated factor variable loadings, communalities, eigenvalues and percent of variance accounted for.

Attributes Influencing Home Purchase In Indiana, U.S.A.	No.	Factors				Communalities (h ²)
		A Style of Home	B Property Value	C Spaciousness	D House Quality	
Mortgage Availability	1	.07	.44	-.007	.008	.24
Price	2	.05	.47	-.01	-.003	.23
Value (as assessed by an assessor)	3	.14	.25	-.03	.20	.17
Kitchen Fittings (existence of fitted cupboards)	4	.20	.15	.10	.13	.50
Baths (fully fitted)	5	.21	.06	.08	.16	.64
Integral Garage	6	.18	.19	.17	.15	.25
Oil Central Heating	7	.14	.14	-.05	-.004	.37
Other Forms of Heating	8	.10	.12	.001	.06	.28
Roof Insulation	10	.11	.17	.05	.79	.70
Wall Cavity Insulation	11	.08	.27	.02	.76	.72
Building Quality	12	.10	.43	.10	.24	.41

Attributes Influencing Home Purchase In Indiana, U.S.A.	Factors					Communalities (h ²)
	No.	A Style of Home	B Property Value	C Spaciousness	D House Quality	
Income Level	13	.03	.62	.02	.18	.46
Spaciousness	14	.18	.38	.05	.11	.23
Front Garden	15	.12	.04	.90	.02	.83
Back Garden	16	.17	.01	.70	.02	.53
Character of the Home	17	.51	.16	.18	.09	.35
Design of the Home	18	.79	.11	.06	.06	.72
Styling of the Home	19	.84	.05	.13	.07	.79
Layout of the Home	20	.47	.30	.09	.09	.47
Number of Rooms	21	-.01	.49	.23	.18	.41
Newness/Age of the Home	22	.18	.26	.24	.10	.30
Waiting Period	23	.12	.37	.01	.13	.18
Location (district)	24	.17	.17	.01	.06	.55
Neighborhood	25	.10	.07	.03	.04	.75
Eigenvalues		5.17	1.55	1.18	1.08	
% of Variance		46.70	14.00	10.70	9.80	
Cumulative Variance		46.70	60.70	71.40	81.20	

Comparison of Buyers

Factors influencing the home purchase process are shown in Tables 1 and 2. The Canadian respondents indicated house quality to be the most crucial factor (by over 90 percent) in the decision to purchase a home. The house quality factor is heavily loaded on the attributes of mortgage availability, kitchen fittings, fully-fitted baths, double glazing, roof and wall cavity insulation and building quality. In Indiana this factor is also heavily loaded on attributes of roof insulation and wall cavity insulation.

Style of home is an important factor to Canadian and U.S. respondents. Style factor is heavily loaded on the attributes of character of the home, design of the home, styling of the home and layout of the home.

Property value for the U.S. is heavily loaded on one criteria only — income level. It is also moderately

loaded on mortgage availability, building quality and number of rooms. Nova Scotia respondents tended to be less influenced by the current financial situation when selecting a house for purchase.

Spaciousness has importance for home buyers in Indiana with heavy loadings on front and back gardens. Front gardens were not as important for the Canadians. As baby boomers move up the corporate ladder, builders in both countries expect them to look for larger houses.

Neighborhood characteristics are more important for home buyers in Nova Scotia. It is heavily loaded on location (district) and moderately loaded on the variables of the number of rooms, spaciousness and neighborhood composition.

The indoor facilities factor is loaded on three common attributes for Nova Scotia, namely kitchen fittings (existence of fitted cupboards), full-fitted baths and

attached garage. Especially the last attribute is of paramount importance for some home buyers under the harsh climatic conditions of Nova Scotia compared to Indiana.

There is a strong preference for backyards as compared to frontyards in both study areas. Preference for closeness to facilities such as shopping, church, schools and place of work supports the contention that price in Indiana is a major factor influencing the movement from urban areas toward outlying and rural areas. This factor should also be considered in Nova Scotia.

Marketing Policy Implications

This study indicates that builders, real estate agents and house vendors who attempt to emphasize style of home and house quality while marketing their houses should emphasize the underlying attributes. Respondents in Canada and the U.S. considered house quality and style of home to be the most relevant considerations in the home purchase process. Prospective home buyers would be reluctant to sacrifice construction quality to provide some other attribute. House developers both in Canada and the U.S. who sacrifice construction quality to provide some other attribute would likely present themselves with a difficult marketing situation.

References

- Alonso, W. 1964. *Location and Land Use*. Cambridge: Harvard University Press.
- Hempel, D. J. 1972. "A Cross-Cultural Analysis of Husband-Wife Roles in House Purchase Decisions." M. Venkatesan Editor, *Proceedings of the Third Annual Conference, Association for Consumer Research*, pp. 816-829.
- Hempel, D. J. 1974. "Family Buying Decisions: A Cross-Cultural Perspective." *Journal of Marketing* 11 (August): 295-302.
- Johnson, R. M. 1972. *Trade-Off Analysis: A Method for Quantifying Consumer Values*. Market Facts Inc.
- Kain, J. F. and J. M. Quigley. 1970. "Measuring the Value of Housing Quality." *Journal of the American Statistical Association* GS (June): 532-548.
- Kaynak, E. 1980. "Home Selection Criteria in Eastern Canada." Vernon Jones Editor, *Marketing* n.d.: 202-210.
- Kaynak, E. and A. Meidan. 1980. "Home Buying Behavior: Comparison of Canadian Versus British Attitudes." *Management International Review* 20(4):53-63.
- Kaynak, E. and U. Yavos. 1981. "Home Buying Behavior: Do Canadians Differ From Americans?" *The Canadian Business Review* 8(3): 34-36.
- Kaynak, E. and U. Yavos. 1982. "Cross-Cultural Comparison of Home-Buying Behavior in North America." N. W. Edwards et. al., Editors. *Midwest Marketing Association 1982 Conference Proceedings*, pp. 118-122.
- Leeuw, F. 1975. "The Demand for Housing: A Review of Cross-Section Evidence." *The Review of Economics and Statistics* 53 (February): 1-10.
- MacMurray, A. and J. Shoults. 1973. "Market Processes and Housing Policy." *Royal Town Planning Journal* 59 (February): 61-64.
- Mayer, C. S. 1978. "The Lessons of Multinational Marketing Research." *Business Horizons* (December): 7-13.
- Meidan, A. 1980. "Home Selection Criteria." *Quarterly Journal of Marketing* (Spring): 11-17.
- Munsinger, G. M., J. E. Weber and R. W. Hansen. 1975. "Joint Home Purchasing Decisions by Husbands and Wives." 1 (March): 60-66.
- Nakazawa, A. T. 1979. "Consumer Preferences for Housing by Tenure and Structure Type." Unpublished Ph.D. Dissertation. University of California, Berkeley, pp. 30-31.
- Nie, N. H. and C. H. Hull. 1980. *SCSS: A User's Guide to the SCSS Conversational System*. McGraw-Hill Book Company.
- Nish, M. N. and L. B. Chatelain. 1981. "Consumer Satisfaction With Pre-Built Homes." *Housing and Society* 8:1:65-68.
- Pardee, R. M. 1975. "Advertising That Pulls Traffic." *Home and Housing* (November): 60-67.

- Professional Builder. 1978. "Consumer Survey: What Buyers Look for in House Design." (December): 73-77.
- Professional Builder. 1980. "What Consumers Expect From Housing in 1981." (December): 70-78.
- Straszheim, M. R. 1973. "Estimation of the Demand for Urban Housing Services From Household Interview Data." *The Review of Economics and Statistics* 55 (February): 1-8.
- Taylor, L. 1980. "Building the Home for the Buyer." *The Financial Post* (February 23): 12.
- Verda, D. J. 1976. "Marketing Integration for the Land Developers," *Journal of Marketing* (October): 105-108.
- Wilkinson, R. K. C. a. Archer. 1973. "Measuring the Determinants of Relative House Prices." *Environment and Planning* 5:357-363.