A better understanding of the housing market through Conjoint Analysis (category: conceptual paper)

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Abstract

During the past years a lot of research has been done on measuring and analyzing the stated and revealed preferences of house buyers, in order to develop so called new product market combinations for the housing market. It has become clear from these studies that the choice of a house buyer for a certain type of dwelling is based on both quantitative and qualitative criteria, derived from the quantitative and qualitative attributes he observes and perceives when confronted with the choice for a dwelling. A dwelling as such, can be regarded as a complex ‘product’, consisting of a varied amount of quantitative and qualitative attributes. A dwelling not only offers a place to eat, sleep and live, but also a place of comfort and safety. For a growing group of house buyers their dwelling seems to become more and more even like ‘a statement of life style’, in the same way a dwelling was regarded as ‘a statement of richness’ in the earlier days.

The focus of researchers is gradually moving towards the qualitative criteria that determine the choice behaviour of house buyers. Or, more specifically, towards the relationships between the preferences, perceptions, emotions and beliefs of the house buyer and the quantitative and qualitative criteria he has in mind. And, secondly, they want to understand how these aspects are related to the actual choice for a dwelling.

An intriguing question is how these preferences, perceptions, emotions and beliefs (i.e. psychological factors) can be measured and analyzed in such a way that they can be described and communicated unambiguously to different parties that are involved in the housing market.

The aim of this conceptual paper is to make a start with the exploration of the expected added value of Conjoint Analysis and Rule Developing Experiment as tools for measuring and analyzing the combination of quantitative and qualitative criteria that direct the choice behaviour of house buyers.

Conjoint Analysis, which has originally been developed for marketing applications, analyzes the joint subjective and psychological factors that influence the choice behavior of consumers. Applying Conjoint Analysis as a method of research, will not only add to the measurement and analysis of stated and revealed preferences of house buyers. It may be also of help to develop knowledge on unstated and even innovative preferences, which will eventually lead to innovative, yet unknown dwelling concepts and dwelling market combinations. These unknown combinations might be found by adding the method of Rule Developing Experiment.

This paper is part of a proposed dissertation.