

CHAPTER 1

INTRODUCTION

1.1 Background of Study

Having a comfortable residence is a dream for many people, because a house is the main thing that humans need. According to Soumena & Qayyum (2022) economic activities will address three types of needs: primary, secondary and tertiary. Primary needs include property which is purchased once in a lifetime. In the process of selecting and making decisions to buy property, it is very important, especially in terms of price factors and their impact on purchasing decisions. According to (Pratama & Yudhira, 2022) Everyone wants to own property to live in or as a long-term investment where the value of the property purchased will continue to increase over a long period of time. Even though property values continue to increase every year, there are many people interested in owning property.

This implies that people's purchasing power is quite high for property, this also encourages property developers to compete with competitors to create innovative marketing strategies to maximize sales. Based on a Bank Indonesia (2023), according to The Bank Indonesia Residential Property Price Survey (RPPS), in the third quarter of 2023, there was an increase in residential property prices in the primary market. This is seen by the increase in the Residential Property Price Index (RPPI) for the third quarter of 2023 compared to the previous quarter which was 1.92% (yoy), to 1.96% 1 (yoy) (Figure 1).

(Figure 1 Residential Property Price Index)

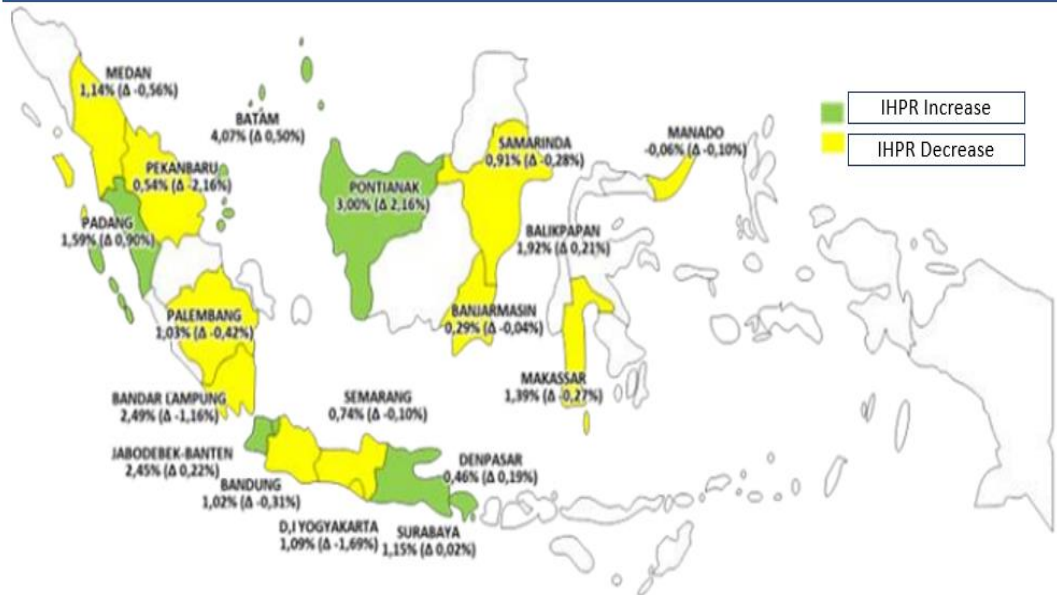


Source: Bank Indonesia (2023)

In the third quarter of 2023, there was a noticeable annual increase in home prices in the cities of Pontianak (3.00% yoy), Padang (1.59% yoy), and Batam (4.07% yoy) (Figure 2), This shows that interest in property in the city of Padang in 2023 is increase with the strength of property prices. According to Setyawati et al. (2022) it can be seen from the large number of housing developments, such as new housing such as apartments or houses at affordable prices, that getting funds for home ownership has become easier and cheaper for all levels of society, this is proven by the large number of disbursement of funds for home ownership credit, or HOC.

(Figure 2 Increase in residential property in the third quarter on annual basis per region)

Figure 1.2 Increase in Residential Property Prices in the Third Quarter of 2023 on an Annual Basis per Region (% , *voy*)



-City -Percent Change (*voy*) -Primary IHPR change (*voy*) compared to the previous quarter (Δ)

Source: Bank Indonesia (2023)

Increased sales and rising property prices show that people's need for housing is very high, which has an impact on competition in property prices. To fulfil the increasing demand of the housing market, one of the property developers in Padang is Namra Green Village with offices in Aia Pacah which operates in the subsidized property sector to build housing with a total of 140 housing units, 100 units located in the Malintang ditch and 40 units in the Malintang ditch . Aia Pacah, with house type 36/84 (figure 3). According to Soumena & Qayyum (2022) communication is a factor that specifically influences consumer choices, one type of communication is interpersonal communication, which is face-to-face communication between people where each person involved can directly know the

reactions of other people , both verbally and nonverbally. The exchange of information in the form of persuasion, offers and negotiations is part of communication or in marketing science it is called word of mouth.

(Figure 3 Namra Green Village House type 36/84)



Source: Instagram Namra Green Village

According to Kurdi et al. (2022) revealed that online WOM word of mouth, offline word of mouth, and credibility of information sources are the main factors that influence Chinese consumers in the decision process to purchase remanufactured products. The influence of word of mouth (WOM) is one of the key factors in the consumer decision process. Recommendations from friends, family, and acquaintance can play a significant role in building a potential perception and preferences among buyers for a property. The use of WOM (word of mouth), which is a conventional marketing science that is still applied, is a challenge for developers in marketing housing products, whereas in the current era of globalization, the development of social media has become a very significant new phenomenon.

According to Mulyansyah & Sulistyowati (2020) Internet media is currently suitable for marketing goods and services. E-marketing is an electronic marketing model that involves entrepreneurs communicating, promoting and selling products via the internet on various social media platforms, such as Facebook, Instagram and Twitter, becoming a means for users to share experiences, reviews, and information regarding the properties they see or own.

(Figure 4 Instagram Namra Green Village)



Source: Instagram Namra Green Village

(Figure 5 Housing Progress)



Source: Instagram Namra Green Village

Social media not only functions as a place to communicate and socialize but can also be used as a marketing platform to promote property. Property purchasing decisions often involve careful consideration. Namra developers utilize Instagram social media marketing (Figure 4), to promoter their subsidized property through releasing advertisements and posting uploads of housing progress being done (Figure 5). In addition to posting construction progress, Namra uses social media to post the price of subsidized properties and instalments that must be paid (Figure 6). In this context, social media shows great potential to influence consumer perceptions, attitudes and decisions regarding property purchases. Apart from that, property developers are also increasingly actively using social media as a marketing tool to reach potential buyers. According to (Belch, 2020) Social media has changed

the way businesses interact, listen, and learn from their customers, and has largely become a key marketing tool for businesses

(Figure 6 Housing Prize)




**LAMPIRAN HARGA RUMAH SUBSIDI
NAMRA GREEN VILLAGE II**

• **Rincian Cicilan KPR BANK**

Tahun	Jumlah
10	Rp 1,701,906
15	Rp 1,266,098
20	Rp 1,054,521

• **Rincian Uang Muka**

Deskripsi	Jumlah
DP	Rp 8.300.000
Administrasi	Rp 2.000.000
Air & Listrik	Rp 5.000.000
Pajak BPHTB & PPH	Rp 10.500.000
Kelebihan Tanah (12 m)	Rp 14.400.000
Peningkatan Mutu	Rp 22.600.000
Uang Muka	: Rp. 62.800.000
KPR BANK	: Rp. 157.700.000
Total Harga Rumah : Rp. 220.500.000	

SPESIFIKASI RUMAH

- Pondasi Batu Kali
- Struktur Beton Bertulang
- Lantai Acil Halus
- Dinding Batu Bata dan Plester
- Cat Luar Dalam
- Atap rangka baja ringan
- Atap Spandek
- Plafond Gypsum
- WC Cor Kasar
- Air PDAM
- Listrik PLN 900 watt

Note

- Apabila posisi kavlingan di hook atau terdapat kelebihan tanah, maka dikenakan biaya sebesar Rp 1.200.000,-/m2
- **BEBAS BANJIR**

089525708225 (INTAN)
081374141260 (GITTA)

Source: Instagram Namra Green Village

Property developers continue to use conventional marketing strategies such as word of mouth accompanied by modern marketing through social media Instagram. Based on interviews with Ms. Gigi marketing staff at Namra Green Village, she said 70% of customers purchase subsidy properties through word of mouth from other customers who have purchased the property, and 30% through social media Instagram. The purpose of this research is to determine the magnitude of the influence of social media marketing variables and word of mouth on the

decision to sell subsidized property in the city of Padang. From the above background, researchers are interested in conducting research with the title **The effect of social media marketing and word of mouth on customer property subsidy purchase decisions: study case in Namra Green Village Padang.**

1.2 Research of Question

Based on the background described above, the problem formulation can be taken as follows:

1. How does word of mouth effect on customer purchasing decisions in buying property subsidy in the city of Padang?
2. How does social media marketing effect on customer purchasing decisions in buying property subsidy in the city of Padang?
3. Do social media marketing and word of mouth variables have a significant difference in effect on the purchase decision on subsidized property in Padang?

1.3 Research Objective

From the problem formulation described above, the research objectives to be achieved are:

1. To determine the effect on social media marketing on customer property subsidy purchase decisions.
2. To determine the effect on word of mouth on customer property subsidy purchase decisions.

3. To provide recommendations for residential property developers in Padang in designing effective marketing based on research findings regarding the influence of word of mouth promotions and social media on purchasing decisions.

1.4 Contribution of the Research

The benefits that are expected to be obtained from this research are as follows:

1. Theoretical Benefits

For the author, it is hoped that the benefits of this research will increase the author's knowledge of research studies regarding the effect of word of mouth and social media on customer housing property purchase decisions in Padang and it is hoped that it can also become input for further research.

2. Practical Benefits

The results of this research hopes can provide input for property developers to pay attention to marketing strategies that lead to house purchasing decisions in Padang City.

1.5 Scope of the Research

Scope of Research discusses the effect of word of mouth and social media on customer housing property subsidized purchase decisions in Namra Green Village Padang.

