

ABSTRACT

Decision making process and choice models has been of interest in marketing literatures for years (Richarme, 2005). The purchase decision knowledge is valuable for marketers to understand the consumers and optimize marketing strategies (Colias, 2005). Previous researches on purchase decisions focused on some particular parts of decision process. This current research attempts to study the entire process of consumer decision on a high involvement purchase.

The purpose of this research was to develop and test a model of purchase decision for the real estate products. Prospect theory of decision has been extended by applying the details of perceived value and its antecedents. A two-stage model of purchase decision covering consideration set formation and choice selection has been proposed. The six antecedents of perceived value were put in the theoretical framework for choice selection. All antecedents were categorized into two contradictory groups: benefits and sacrifices. Benefits included product quality, sales service quality, brand equity, while sacrifices composed of perceived risk, perceived price, and customer involvement. In addition to previously proposed antecedents, the new construct, relationship quality which is comprised of trust, commitment, and satisfaction was added as a mediating construct in the model.

Empirical assessment of the theoretical framework included focus group discussions and two surveys with the recent and prospective home buyers. The proposed research model was tested with regression in structural equation modeling technique. The results provided overall support for the proposed research model. As hypothesized, results suggested that perceived value is determined by product quality, sales service quality, brand equity, perceived risk and perceived price. Moreover, relationship quality mediates the relationship between most antecedents and perceived value. However, the impact of customer involvement was not found. The results further suggested that relationship quality plays an important role in predicting choice selection and purchase intention. Two non-hypothesized findings included a strong and significant impact of service quality on perceived value when it is mediated by personal

trust on salespersons and a strong impact of brand equity on perceived value when it is mediated by the quality of relationship between the buyers and the firm. The results also indicated the buyers' prior experience has no effect on their home buying.

In addition, research findings suggested that the buyers who are in the pre- and post-purchase context have almost the same purchase decision process. Their consideration set formations are similar while the impact of perceived value on choice selection and the influences of all antecedents on perceived value are not different. The important differences between the two groups are on the magnitudes of the impact of the antecedents of value. For the post-purchase buyers, relationship quality was found to have highest impact on perceived value while service quality has very strong indirect impact via personal trust. In contrast, product quality, brand equity, and perceived risk have strong impact on perceived value in the pre-purchase context.