CHAPTER I

INTRODUCTION

This chapter provides an overview of the contents and purposes of this study. Information that is relevant to this study and the selected research topic is described in the background. The problem statement discusses issues that have been selected for discussion and which will be analyzed with the selected independent and dependent variables which have been formulated as research questions and research objectives. This chapter also provides information about the significance of this study for future research purposes, as well as a description for each of the 5 chapters in this paper.

1.1 Background

An incremental paradigm shift in the market for real estate is currently underway in a time where information can be accessed, stored, and transferred instantly. The value chain associated with real estate beginning from development to the point of sale to the homebuyer has experienced incremental innovation in today's constantly evolving world (KPMG Real Estate Advisory, 2017). According to (PewResearch, 2019), nearly 100% of Millennials (Born 1981-1996) say they use the internet, where 73% claim that the internet has mostly been a good thing for society (PewResearchCentre, 2018).

The growth of online shopping has led to a radical shift in business models throughout various industries. There is a growing trend for new start-ups to adopt a business model that is customer-centric and/or virtually borderless. (KPMG Global Online Consumer Report, 2017) states that the frequency of online purchases varies considerably by region.
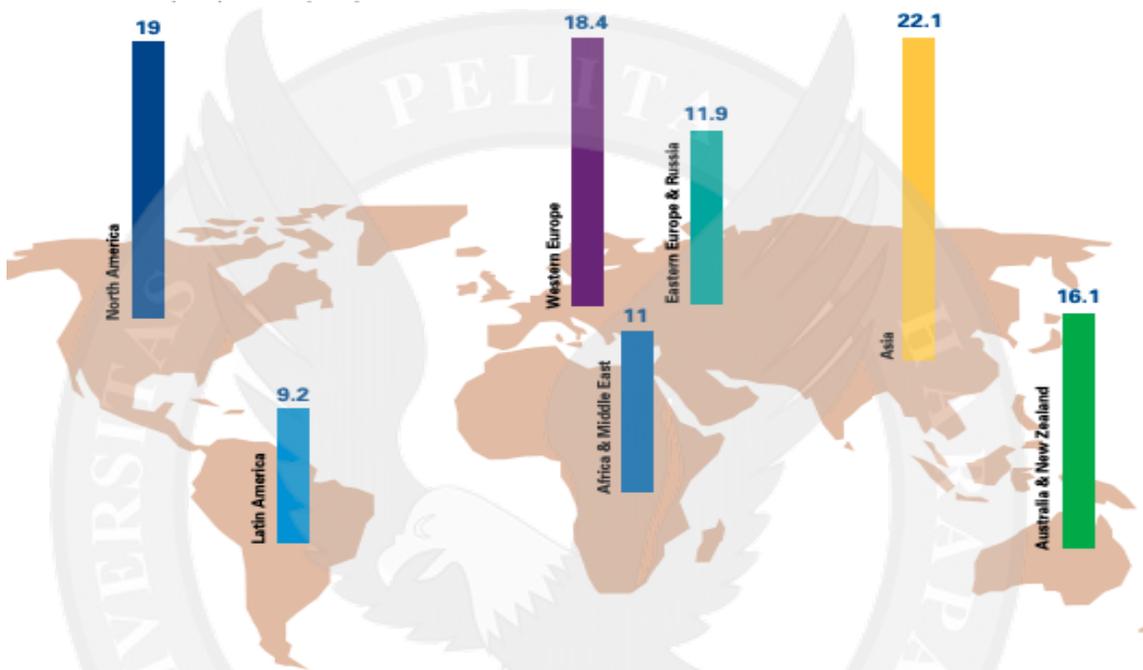
(Figure.1.1) Average Online Transactions Per Capita Based on Region
Source: Global Online Consumer Report, KPMG International, 2017

While consumers in regions such as Asia (22.1), North America (19) and Western Europe (18.4) are more likely to shop online, online purchases in Eastern Europe, Latin America, Africa, and the Middle East are less frequent (Figure 1.0). Particularly, the market for e-commerce continues to grow at a steady pace in Asia, where consumers are twice as likely (19%) to shop on a smartphone than the global average

(8%), are more likely to research online for review and recommendations, and are 50% more likely to post an online review (KPMG Global Online Consumer Report, 2017).

A report by Asian Development Bank titled "*Embracing E-Commerce in Asia and The Pacific*" defines E-commerce as the purchase and sale of products such as physical and digital goods or services online. Technologies such as the internet are generally used over devices such as computers and smartphones to interchange value through e-commerce platforms through business-to-consumer (B2C), businesses-to-business (B2B) and consumer-to-consumer (C2C). Asia is the fastest-growing region in the global e-commerce marketplace (Asian Development Bank, 2018), with China as the largest e-commerce market globally, Japan as Asia's second largest, followed by Korea as third-largest. Furthermore, the Southeast Asian region is expected to see rapid e-commerce market growth due to three factors unique to the subregion; as i) 70% of the population is under 40 ii) Lack of large supercenter and megastores and iii) a growing middle-class (Asian Development Bank, 2018). Furthermore, of the global 1.8 billion population of millennials, 1.1 billion, or more than 60%, reside in Asia (MSCI, *Demographic Change and Impact of a Generation*, 2020). E-commerce may open up opportunities to sectors in the economy that are illiquid by nature. Illiquidity refers to assets that cannot be sold quickly at the equilibrium price where demand meets supply (J.Krainer, M. Spiegel, N.Yamori, 2005). One such sector that may benefit is the real estate market.

The global real estate market is a vibrant and key contributor to every country's economy. Estimated at a value of around $220.6 trillion globally, according to *Savills World Research (2017)*. Developments in the information and communications technology (ICT) sector have revolutionised and disrupted the traditional ways in which parties transfer and transact value and information in the real estate industry, creating a more transparent and dynamic property marketplace. However, e-commerce platforms are being adopted only to search for residential real estate properties. Real estate agents remain a vital part of the real estate buying process. According to the (National Association of Realtors *Home Buyer and Seller Generational Trends Report, 2017),* 92% of buyers aged 36 years and younger purchased residential real estate through an agent. However, the first step in the residential real estate searching process among all generations of homebuyers was to look online for properties, except for buyers aged 71 years and older. 51% of all Buyers also found the home they purchased through the photos and detailed property information through the internet. Meanwhile real estate agents list the seller's residential real estate on websites (50%) and social media (16%)

As the internet becomes ever-present in consumer-buying decisions, opportunities to purchase residential real estate online through e-commerce is increasingly becoming a reality. The speed of the shift from a traditional model to an e-commerce model is largely dependent on the consumer's perceived usefulness, ease of use, and security on e-commerce and their purchase intention. Perceived usefulness is defined, according to Fred Davis (1989), as the "degree to which a person believes that using a particular system would enhance his/her job performance." Perceived Ease of Use is defined as "the

degree to which an individual believes that using a particular system would be free of physical and mental effort." and Perceived Security as "the degree that a user believes the online vendor/website is secure in relation to personal and financial information." (Salisbury, 2001).

1.2 Problem Statement

Asia is primed to experience continuous growth and remain at the apex of market potential for growth of e-commerce industries (Asian Development Bank, 2018). Millennials, of which 60% reside in Asia, are likely to be the next wave of residential real estate buyers and the first to experience the shift from the traditional ways of conducting business in the real estate industry to one that embraces the internet and information and communications technology (ICT). This study will adopt a Technology Acceptance Model (TAM) with perceived usefulness, perceived ease of use, and perceived security on e-commerce as independent variables and online real estate purchase intention as dependent variables to determine the relationship between the selected variables and provide a conclusive answer on the research question.

1.3 Research Questions

Based on the background discussion above, the questions that are to be answered from this research are:

1.3.1 Is there a positive relationship between perceived usefulness and purchase intention of millennial generation homebuyers through e-commerce in asia?

1.3.2 Is there a positive relationship between perceived ease of use and purchase intention of millennial generation homebuyers through e-commerce in asia?

1.3.3 Is there a positive relationship between perceived security and purchase intention of millennial generation homebuyers through e-commerce in asia?

1.4 Research Objectives

1.4.1 To know if there is a positive relationship between perceived usefulness and purchase intention of millennial generation homebuyers through e-commerce in asia

1.4.2 To know if there is positive relationship between perceived ease of use and purchase intention of millennial generation homebuyers through e-commerce in asia

1.4.3 To know if there is positive relationship between perceived security and purchase intention of millennial generation homebuyers through e-commerce in asia

1.5 Significance of the Study

1.5.1 For Individuals:

This research may be used as a reference point and provide insightful information regarding consumer behavior and spending patterns influenced by the variables listed in this research.

1.5.2 For Institutions/Businesses:

Relevant information such as data analysis, revision from secondary sources can help businesses or practitioners who have an interest or are directly involved in the online real estate market industry, or any other e-commerce platforms that are targeting millennial generation customers.

1.5.3 For Academics:

This research report may be used as a reference point to study the market dynamics during the timeframe in which this research was written, as well as any relevant information that may be used to support an ongoing/upcoming study in the same field.

1.6 Organization of the Study

1.6.1 Chapter I: Introduction

This chapter discusses the main topic of study in the background, identification of issues in the problem statement, and the purpose and importance of this research mentioned in the research question and objectives, the significance of the study.

1.6.2 Chapter II: Literature Review

This chapter will define all related theories that researchers used in this report, as well as the independent and dependent variables that are selected, and indicate the relationship between the chosen variables.

1.6.3 Chapter III: Research Methodology

This chapter will present the study setting, unit analysis, time horizon, data collection, sampling, measurement, data analysis and all relevant tools of analysis to answer the research question.

1.6.4 Chapter IV: Results and Discussions

This chapter will combine data collected from primary and secondary research, and test the validity and reliability of this research together with an in-depth analysis of the results from the data sample to reach the accuracy of the hypothesis.

1.6.5 Chapter V: Conclusions and Recommendation

This chapter will conclude and summarize all previous chapters listed above, and provide suggestions and thoughts on improvements for future studies of the same scale that may be useful for future researchers.