

# HOUSE BUILDING SERVICE QUALITY AND BUYER EXPECTATIONS

**James Sommerville, Nigel Craig and Nicola Callaghan**

*School of the Engineering and Built Environment, Glasgow Caledonian University, UK*

Increasingly, house builders are being challenged to provide services which align with the thoughts and views of potential home buyers in terms of construction and customer service as well as overall satisfaction; which can only be obtained when post-purchase perceptions meet or exceed pre-purchase expectations. The expectation of receiving “good” service from house builders relies on overly used marketing terms such as “customer care” and “customer focus”: both of these terms are aimed at increasing sales and competition within the marketplace, and yet tied to customer satisfaction. It is, however, unclear whether or not house buyers and builders agree on the types and quality of homes which should be constructed with current research suggesting that failings may result from seemingly under-performance in the service delivery process. The findings from questionnaires undertaken describe the agreement between the types of homes being constructed by house builders and the types of homes expected by home buyers in relation to the Code for Sustainable Homes.

Keywords: construction, service quality, house builders, home buyers.

## INTRODUCTION

The selection and purchase of a new home is likely to be the single, largest capital investment a person undertakes in their lifetime; and next to marriage and divorce, it is considered to be one of the most stressful events in life (Michaels, 2001). To ensure an easy transaction, it is imperative that house builders maintain high levels of customer satisfaction through the development of strategic management systems. However, retaining satisfied customers is challenging due to changing shifts in the economy and markets (McCabe, 2010). As a result, construction companies are faced with short and long term customer satisfaction problems. Unfortunately, there is little evidence to suggest that house builders are actively conducting consumer research to establish consumer needs and preferences. Instead, the house building industry is still considered to be producer driven, with little account being taken of the consumers needs (Ball, 1996). Home buyer satisfaction together with service quality is the result of home builders providing services that are perceived as meeting or exceeding buyer expectations. As market pressures increase and home buyers become well-versed, house builders are realising the need to reform their business strategy to remain competitive (Kerber, 2000 cited by Nahmens and Ikuma, 2009). As a result, house builders need to identify and understand buyer needs in order to continuously improve service output and strategically manage their business performance to increase profits and market share whilst reducing costs.

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This research aims to discover whether or not a gap exists between house builders and home buyers expectations in relation to the Code for Sustainable Homes (CSH). Additionally, the research aims to determine whether or not house builders believe that they are building “remarkable” homes; the effect of Zero Carbon (Zc) initiatives and whether or not they believe that new home buyers want Zc homes. The results also hope to connect house building to the management of customer satisfaction to determine whether or not house builder and buyers are aligned in their views of the CSH.

## **LITERATURE REVIEW**

The term service quality has a variety of academic definitions however, Parasuraman *et al.* (1985) states that the measure of service quality is the gap between the consumer’s expectation level and actual experience encountered, which in this instance, extends to opinions formed before, during and after construction. Although the majority of organisations are keen to provide product and service quality, many fall short simply because they do not have an accurate understanding of what customers expect from them (Zeithaml *et al.* 1990). According to Goodier and Pan (2010) house builders should aim to identify their customer base and be able to track them in order to predict future organisational requirements, a view shared by the National Association of Home Builders (NAHB, 2003) who claim that sustaining home buyer satisfaction will positively impact referral rates and company reputation. Jahn (1996), however, argues that many house builders remain unconvinced about good customer service transpiring as increased profits. As a result, it is suggested that the initial planning stage should be undertaken in a more holistic way to ensure long term sustainability and positive service delivery. However, the concept of consumer satisfaction is burdened with difficulty due to subjective perceptions of potential buyers (Auchterlounie and Hinks, 2001).

As the housing market contributes approximately 27% of the overall CO<sub>2</sub> omissions associated with energy use in the UK (Edwards and Turrent, 2000), the UK Government has introduced a series of directives, strategies and targets aimed at addressing this problem. Near the top of the agenda, is the task of achieving Zc housing by 2016, significantly reducing greenhouse emissions by 2050 and preventing further decline of the world’s finite resources (This Common Inheritance, 1990). Although both Government and public recognition towards sustainable development is increasing, a significant impact can only be made if society is willing to adapt and change (Sustainable Build, 2010). This increased requirement for sustainable construction and innovation, combined with the irreversible change of the world’s climate, atmosphere and eco-system has highlighted an urgency for the introduction of new “green” properties within the housing market (Sustainable Construction, 2001). However, as the supply of such homes is driven by associated demand, the process of solving many of the sustainability issues is predominantly dependant on consumer perception and acceptance of such homes. It is suggested that both house builders and home buyers have very little influence and involvement of Government decisions and are therefore looking for a mass market proposition. This is emphasised by Arnsteins (1969) “ladder of participation” which shows the current level of consumer power. Figure 1 shows the importance of a co-ordinated approach where consumers, house builders and the UK Government, must form a strong relationship in order to conjure change.

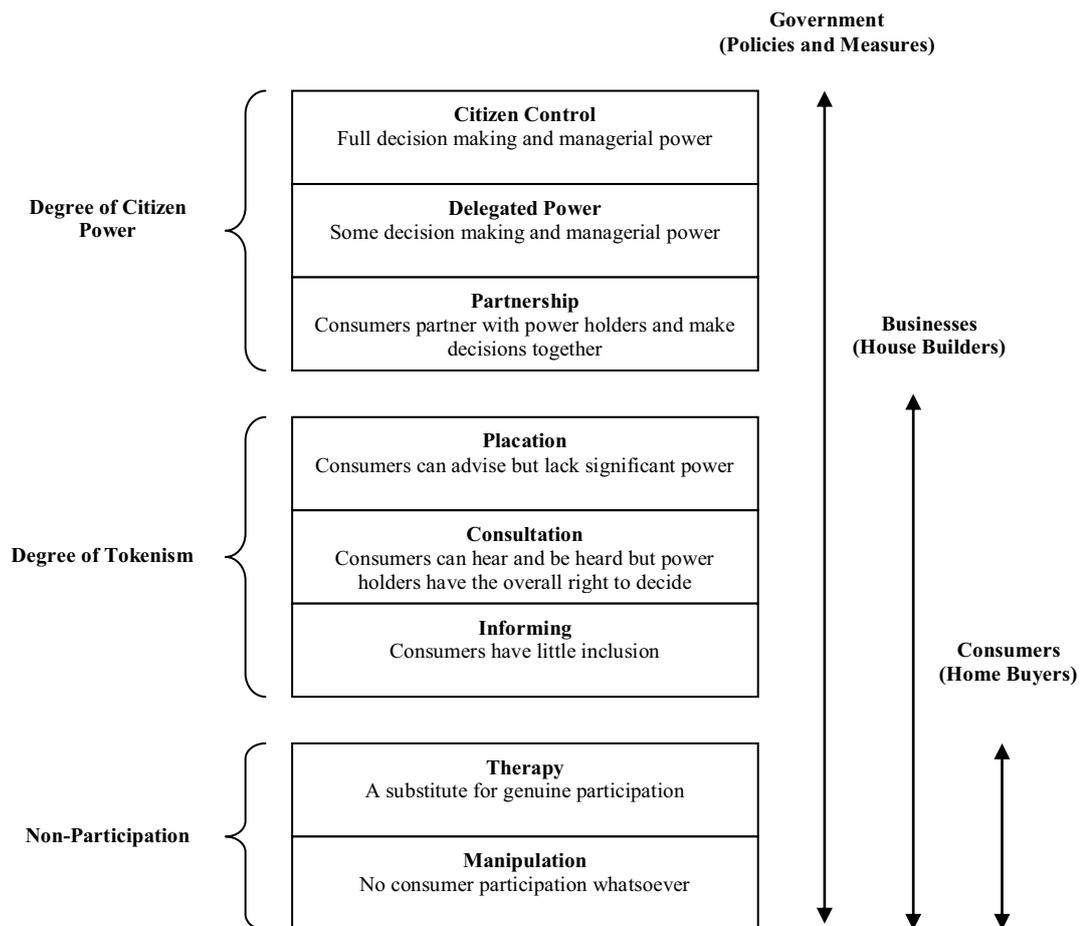


Figure 1: Level of Engagement (adapted from Arnstein, 1969)

The CSH was introduced in 2008 with the aim of becoming the solitary criterion used to design, construct and purchase sustainable homes whilst eradicating unsustainable building practices (Communities and Local Government, 2010). The code itself comprises of six key levels, each with a corresponding energy performance percentage. The success of the code primarily depends on the associated level of consumer acceptance, which must align with the thoughts, attitudes, values and wants of potential home buyers, particularly when faced with a variety of factors that have the ability to influence consumer decisions (Wright, 2006). However, it is suggested that consumers have very little knowledge of the code and its purpose, as there have been relatively few studies conducted to identify the discrepancy between house buyer’s expectations and house builder’s perceptions (Leishman *et al.* 2004).

In addition to the CSH, the UK Government has created a policy which aims to encourage house builder’s to produce a mix of housing of differing price, style and segregation in order to achieve more balanced and diverse communities. However, research by Rowlands *et al.* (2006) states that the “framework on which this is based is rigid whilst at the same time vague in its prescriptions of what constitutes mix”. Although it is suggested that a continuum of different opinions shared by house builders exists, it is recommended that a successful mix should; ensure good quality *design* throughout and be effectively *managed* to ensure a pleasant environment in which to live.

Very often house builders pre-select the types of homes available to consumers, known as the “choice editing option”, which is regarded beneficial to house buyers who may otherwise choose a home which is unsustainable in its design. This is

highlighted by Purvis (2006) who suggests that such editing ultimately brings an end to unethical options as consumers will select sustainable homes by default rather than making a conscious decision. This will lead to reduction of the variety of homes available to consumers by allowing house builders to sell what they want rather than fulfilling consumer requirements (Saha and Darnton, 2005). In reality, however, each consumer should be treated as an individual rather than adopting a “one size fits all” policy. For example, Japanese house builders offer a wide range of house design allowing a great deal of consumer input, where it is suggested that such high levels of personal involvement is likely to have a positive affect on the overall level of satisfaction (Bartlett *et al.* 2002). Similarly, a survey undertaken previously by Barlow and Gann (1999) states that the majority of house buyers would like greater control over the initial design of their homes and at the very least, should have the opportunity to consider alternatives that would be more suitable to their lives.

## METHODOLOGY

The philosophical assumptions associated with both quantitative and qualitative research paradigms have been well outlined by many authors; it is possible to combine both methods for use within a single study. As a result, two forms of triangulation were used in this study as a powerful tool to strengthen the research design (Patton, 1990). Firstly, data triangulation involved collecting views and opinions from a range of different participants with different career choices and aspirations. A methodological triangulation approach was then used to combine both quantitative and qualitative data collection methods (Banister *et al.* 1994). The data collection was therefore undertaken in several key stages as shown in table 1;

Table 1: Triangulation Methods

Type of Respondent (Data)	Method	Technique	Analysis
Non-Construction Students	Cluster Sampling	Face to face questionnaires	Minitab
Construction Students	Cluster Sampling	Face to face questionnaires	Minitab
“Average” (General Public) Consumers	Simple Random Sampling	Face to face questionnaires	Minitab
House Builders	Target Population	Email	Nvivo

Both young construction and non-construction professionals were selected using a cluster sampling technique in order to provide a basis for comparison.

The “average consumers”, on the other hand, were selected using a simple random sampling technique, which provided access to consumers of differing backgrounds and cultures including those with differing values and opinions. Respondents stating that they worked within the construction industry were excluded from the survey to avoid any biased results. As no prior arrangements were required, this process was fast and efficient. Furthermore, participants were not given the opportunity to investigate areas of uncertainty and consider their responses. Instead, they were asked to answer each question based on their genuine level of knowledge.

During the second stage of the research, house builders were targeted using online databases. Sixteen major house building organisations constructing the majority of new homes within the UK were asked to participate in the study, where a 31%

response rate was achieved. Each organisation received an email with a link to an online questionnaire to be completed. In order to identify a common theme among all participants each respondent was asked the same questions. A variety of open-ended questions allowed each respondent to expand their response, as and when they wished to do so and the questions asked were kept relatively simple and straightforward, allowing effective communication.

The quantitative data collected was analysed using Minitab statistical software. Additionally, a key word in context (KWIC) technique was used to compare and contrast the qualitative data using NVIVO software. All of the data was analysed without preconceptions in order to allow the emerging themes to present themselves (Strauss and Corbin, 1990). Additionally, all of the research methods were conducted without bias or any preconceived ideas of the possible outcomes.

## RESULTS

The paper reports a small aspect of a survey which sought simple data on the awareness of the CSH, where an analysis of the results has been obtained from the stated questionnaires in order to determine;

- Whether or not a gap exists between house builders and home buyers expectations in relation to the CSH.
- Whether or not house builders believe that they are building “remarkable” homes; the effect of Zc initiatives and whether or not they believe new home buyers want Zc homes.

Although the following results are subject to some sample limitations, particularly in relation to the number of house building respondents which make generalisation difficult, the results aim to provide an understanding of general trends which require further investigation.

Section one of the questionnaire (shown in table 2 and figure 2) asked the respondents to consider their current knowledge of the CSH. The results obtained show that the majority of consumers questioned (88%) had never heard of the code. Furthermore, there is a difference between the “type of respondent” and the level of knowledge of the CSH they possess. For example, as expected, house builders were the most knowledgeable group (80%), followed by young construction professional’s (29%). Additionally, the Construction Managers were more knowledgeable than the Quantity Surveying respondents. Unfortunately, none of the “average” consumers and only 2% of the young non-construction professionals had heard of the CSH. Additionally, figure 2 introduces a gender analysis of the responses which shows that 24% of males and 3% of females questioned were aware of the CSH.

Table 2: Respondent Breakdown

Have you heard of the Code for Sustainable Homes?							
	Construction Professionals (31)		Non-Construction Professionals (58)		"Average" Consumers (22)	House Builders (5)	Total
	Quantity Surveyors (28)	Construction Managers (3)	Marketers (20)	Food Bio-Science (38)			
Yes	7	2	0	1	0	4	14
No	21	1	20	37	22	1	102

If everything were left to chance;

$H_0$ : the type of respondent is not associated with the level of knowledge of the CSH.

As the  $p$ -value = 1.72 (is greater than the universal benchmark of  $p = 0.05$ ) the null hypotheses can be accepted, as there is no statistical difference between the type of respondent and their associated level of awareness of the CSH.

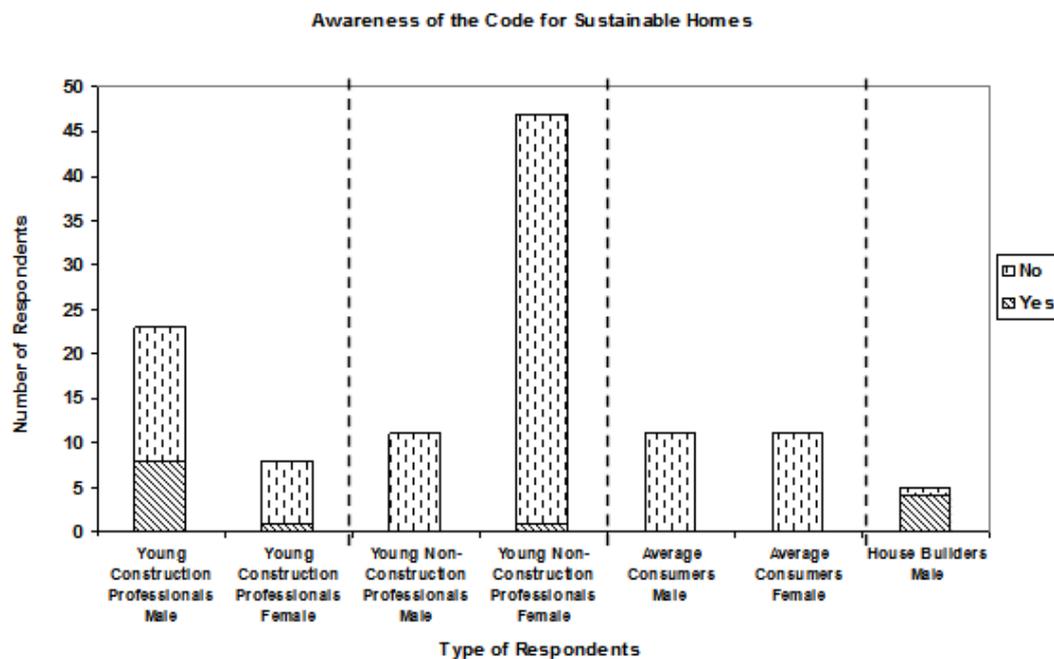


Figure 2: Awareness of the Code for Sustainable Homes

All of the young construction professionals who had heard of the CSH provided the following responses of what they thought the code actually meant (shown in table 3). 72% of these respondents mentioned the words “sustainable/sustainability” within their comments.

The second stage of results section reviewed the answers provided by house builders regarding the quality of the homes that they build; the effect of Zc initiatives and whether or not they believe new home buyers want Zc homes.

When the house builders were asked about whether or not they thought that the homes they construct were “remarkable”, 100% agreed that the calibre of homes currently on the market are not “remarkable”. Reasons for this response included; homes being built as “basic, standard construction”. Homes were also classified as “not unique” and “lacking personality”. Furthermore, one respondent suggested that “housing, whilst good, hasn’t the budget to break any ground in sustainability terms”. House builders were asked this question as many claim to use lower energy costs, improved efficiency, insulation and air quality as marketing incentives for new homes; whilst not fully understanding and engaging with the CSH concept.

In addition, 60% of house builders agreed that Zc initiatives do not affect the types of homes that their organisation constructs and that 60% also believe that new home buyers do not want Zc homes (shown in figure 3).

Table 3: Comments provided from young construction professionals about levels within the CSH

Respondent	Comments provided about levels within the CSH
1	Did not know what each of the levels meant but suggested that “level six is an unachievable target”.
2	“The code one only meets basic sustainability requirements, gradually increasing to code six which is the most advanced”.
3	Had a general idea of the CSH, suggesting that the codes were associated with “CO2 emission reduction, including sustainable building products used in construction”. However, they thought codes 4, 5 and 6 were related to “client and end users education of sustainability”.
4	The code is “a target set by the Government for all new builds to be zero carbon by 2016”.
5	Aware that the code ranges “from very unsustainable to very sustainable” but though that code one was the “most efficient home” and code six was related to the “least efficient home”.
6	Classified code one as “not sustainable at all”, code two as “the minimum sustainable level required by house builders”, code three as homes having a “good incorporation of sustainable products” and code 4 as having “high incorporation of sustainable products”. Code 5 “the majority of products/goods in the home we sustainable and code 6 “all products used to construct and incorporated are sustainable”.
7	Did not know what each of the levels meant but suggested that the code was “a range of sustainability measures for new homes”.

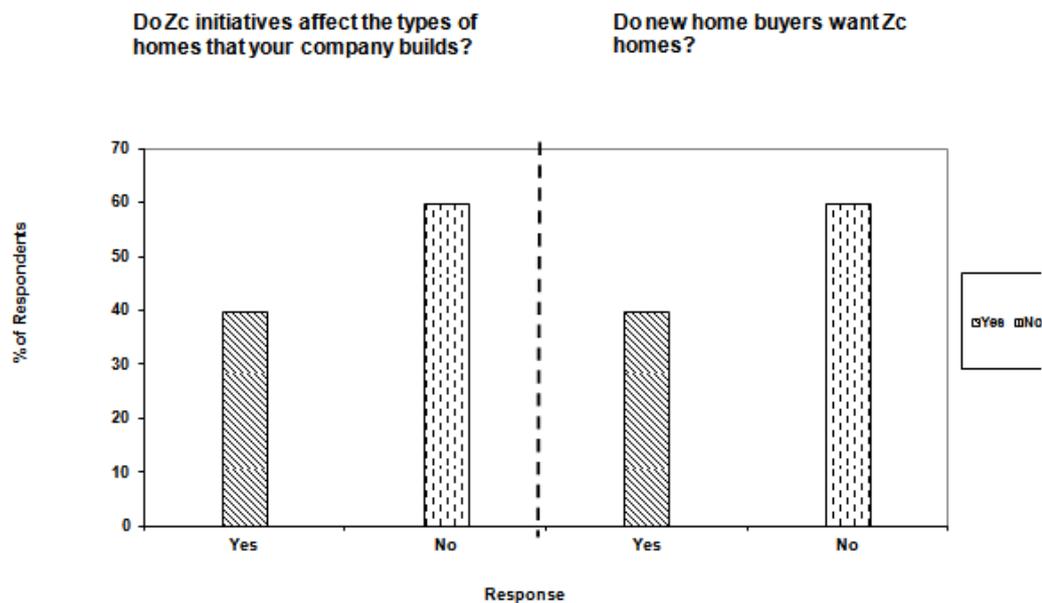


Figure 3: Responses from house builders regarding Zc initiatives and whether or not home buyers want Zc homes

## CONCLUSIONS

The first section of the paper set out to discover whether or not a gap exists between house builders and home buyers expectations in relation to the CSH. The findings from the questionnaires undertaken suggest that there is currently no gap between the types of homes being constructed by house builders and the types of homes expected by home buyers as neither the consumers nor house builders hold the CSH in high regard.

Alarming, very few construction, non-construction and “average” respondents had heard of the CSH which may be the result of limited media coverage. Although the majority of house builders were aware of the CSH, which is likely to be the result of close interaction with the UK Government and industry bodies seeking to deliver new housing targets, none were able to provide a detailed breakdown of each individual level of the code. As a result, the findings from this research imply that consumers have very little knowledge of the CSH and do not consider it when making decisions on purchase intents and that house builders lack the detailed knowledge expected and are working a level behind where they should currently be operating.

The second section of the paper set out to determine whether or not house builders believe that they are building “remarkable” homes; the effect of Zc initiatives and whether or not they believe new home buyers want Zc homes. Unfortunately all of the house builders questioned agreed that the quality of homes currently on the market are not “remarkable”; implying that house builders are happy constructing homes which are simple and “standard” in design and reluctant to construct energy efficient homes which are unique and technically challenging. Interestingly, the house builders who believed that Zc initiatives do not affect the types of homes that their organisation currently construct also believed that new home buyers do not want Zc homes, suggesting that a correlation exists between consumer expectations and the types of homes actually being constructed by house builders. Additionally, this suggests that a number of house builders have yet to recognise the pivotal importance of sustainability issues to their business operations and have yet to respond in a positive manner. It is not clear, however, whether attitudes are beginning to change as tighter targets are enforced.

However, a gap does exist between where the industry is now and where it needs to be by 2016, suggesting that some Governments targets are perhaps challenging or unrealistic. The critical question is whether the vision conceptualised by companies at a strategic level is being driven down effectively into day to day operations and delivering good Zc performance. It seems, however, that the responsibility ultimately resides with home buyers who are satisfied with the current standards of new homes being delivered in the UK and who accept products with lower than anticipated quality and sustainable requirements. As a result, it is suggested that house builders will continue to produce homes which simply meet consumer needs and as such, will struggle to achieve the Government’s aim of achieving Zc homes by 2016.

Although the results obtained can only be used as an indication of general trends due to the restricted sample size, in the future, the research intends to revisit the issue of consumer awareness of the CSH in a more thorough and comprehensive survey whilst extending into areas relating to customer satisfaction in relation to both the build experience and personal experience received.

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