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## **Improving Housing Quality as a Marketing Strategy**

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### **ABSTRACT**

Prospective housing clients in Portugal face up a marked lack of information on the characteristics of housing products, which most often turn out to be very different to their expectations. This lack of information does not allow them to relate quality and cost adequately. Furthermore, housing products are not adequately differentiated owing to an inefficient approach to the market from the part of different actors in the property sector, which makes the understanding of the true needs and wishes of the client difficult.

Nowadays, in a highly competitive housing market, it is increasingly necessary to weigh the quality of supply, for housing investment is one of the most important decisions of the Portuguese households. Due to the fact that competition in that market is almost exclusively based on price, there is a need for change in the culture of the housing sector that would promote adequate strategies of marketing and quality.

The main aim of this research project is to develop a support tool for the construction enterprises in the housing sector in order to improve the value of their products/services and, to a certain extent, the competitiveness of the sector.

The model, which is specifically developed for the town of Bragança, is based on information collected from users of newly occupied housing. It was done through the use of a questionnaire- survey conducted on respondents from fourteen multi-family residences, which were built by four different contractors/developers.

**KEYWORDS: Clients' Satisfaction, Housing Market, Marketing, Quality**

## 1. INTRODUCTION

The increasing competition and competitiveness in the housing market, added to the growing demands of the housing clients, which are nowadays more knowledgeable of the products they buy, impinge on the housing development firms an increasing concern for the quality of the product and services they provide, and mainly with the client.

The housing market in Portugal has passed through a deepening crisis over the last six years, reaching today what is called in the marketing literature as the maturity point. Baganha *et al* (2001) predicted this situation and pointed to two inter-related factors: the exhausting of potential demand and an unfavourable evolution of the demographic conditions.

In a business environment where the market dictates prices, if one wants to survive should mainly focus on their clients towards total satisfaction. The assessment and management of the information regarding the clients' needs expectations and wants represent undoubtedly a strong competitive advantage.

This paper summarises some of the results of a larger research project undertaken during a postgraduate study. It adopted a case study approach that investigated the level of satisfaction of housing clients in the post – occupancy stage. It comprised some enterprises of the housing market in Bragança, and has pointed out that this type of client can be a source of wealthy information, and to certain extent an ally of the enterprise.

This type of study is very scarce in Portugal. There is not much Portuguese literature on the subject of the satisfaction of the housing client, his/her satisfaction with the product and the integration of the marketing and quality issues. Will the clients be satisfied with the house where they live? Will the clients have any suggestion to make to the housing development enterprises? These might have a guess on a particular aspect that bothers their clients, but this is definitely not enough. It was felt the need to undertake a thorough investigation on these matters.

## 2. OBJECTIVES

The objective of the study revolved around the development of a model, as a support tool for the enterprises in getting and managing the information collected from users of newly occupied housing, in order to improve the quality of design, the housing product and related services. This was done through a literature review on the areas of marketing and quality, and the practical application of a strategy connected with the two areas: client's satisfaction in the occupancy stage.

For each of the enterprises that participated in the study, it was intended to:

- define the client's profile (profession, academic qualifications, characteristics of the household, etc.);
- identify the determinant factors related to the satisfaction and dissatisfaction with the services provided by the enterprises;

- identify the determinant factors related to the satisfaction and dissatisfaction with the housing product;
- identify the determinant factors related to the buying decision (motivation of purchase, means of information chosen to get information, identification of people who have great influence in the buying decision);
- Identify the positioning of the product versus competing products;
- identify the attributes of the house and related services which were deemed more important for the client;
- identify the strengths and weaknesses of the housing product;
- get the client's feedback on the image of the enterprise in the market;
- check the fidelity of the clients (willingness to buy back in the same enterprise, advertising of the enterprise to potential clients).

### 3. QUALITY, MARKETING AND CLIENT'S SATISFACTION

According to Kotler (1996) marketing has the function of identifying the needs and wishes of the consumer, determines the target market that the organisation should address, and plan the services and programmes appropriate to these markets. Thus, the purpose of marketing is to satisfy the client.

In Portugal, the concept of marketing was during a long time an almost unknown and not- so- loved subject (Nunes, 1991). Today, it is usual to make reference to marketing, though in an erroneous way for it is interchangeably used with the concept of selling

Fig.1 portrays the various orientations to the market that a development enterprise might adopt.

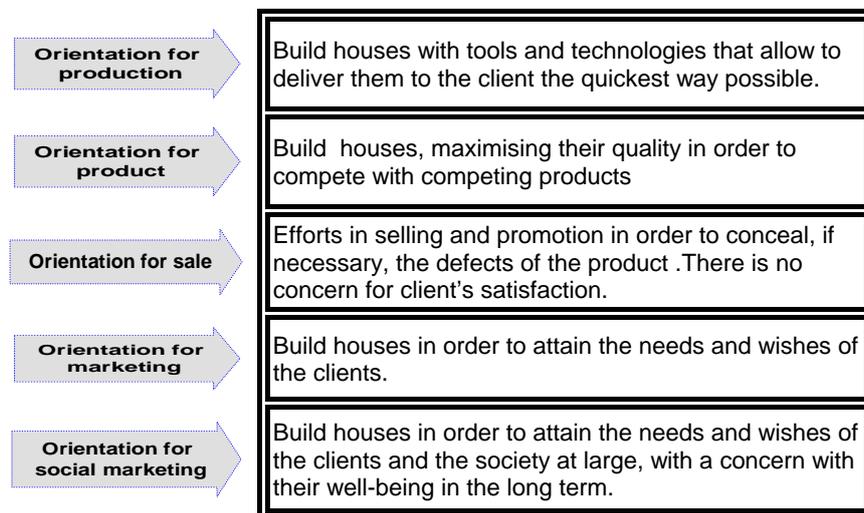


Figure 420.1 Different marketing orientations

The housing development enterprises have generally had until recently an "orientation for production" This coincided with excessive supply of housing in the period that begun in the last two decades or so. The lack of appropriate housing was the main characteristic in this period. Now, it is generally recognised that a shift in this orientation is required for the demand for housing is dramatically decreasing.

Marketing activities should begin with the design of the market research, segmentation and positioning, evolving subsequently to planning activities and product development, the setting up of the selling price, definition of the promotion activities and culminating with appropriate actions taken in the post selling period, aimed at satisfying the needs and wishes of the clients.

It appears that the market research adopted in the study allow to the housing development enterprises to manage the information system, to adopt strategic decision- making, such as segmentation, differentiation, the positioning with relation to the competitors, personalisation and flexibility of products, improvement in the relationship with clients and a better understanding of the process of the buying decision. In addition, other aspects of the marketing strategy are also devised such as the recognition of client's fidelity and promotion and distribution activities. The development of the marketing mix will be this way a more efficient one.

As regards quality, it is without doubt one of the decisive factors for the purchase of a house.

In line with the view of several writers, quality only makes sense if it is viewed in the context of the needs, motivations and perceptions of the client, and should not be seen as a set of technical specifications or internal objectives of an organisation. It is generally recognised that it is the quality perceived by the client that really adds value to the product.

Quality and client's satisfaction has a direct link for a client satisfied with a product or service implies that he/she recognises what is good quality.

Client's satisfaction is also dealt with in the ISO 9001 standard, in which the enterprises adopt methodologies to get and use information on the client's satisfaction. The monitoring of the information gathered should be used as a measurement of the quality management system in order to identify potential defects and take corrective and preventive actions aimed at continuous improvement. According to Möwen (2003), the satisfaction of a consumer is "a general attitude on a product or service subsequent to its acquisition and use. It is the judgement on the post-buying assessment resulting from a specific purchase".

It is in the occupancy stage that the client realises the information flaws that happened in the selling process. So, the information gathered in this stage is of much value for it reflects the real experience of the user of the product. Thus, the client can be, if satisfied, an important ally in the advertising activities of the enterprise through 'the word of mouth'. Furthermore, the cost of the process of the assessment of the client's satisfaction is low due to facility of contact.

The assessment of the client's satisfaction may contribute significantly to the improvement and development of marketing and quality strategies of an organisation. There are various ways to assess client's satisfaction, such as observation on the client's behaviour (impatience, uneasiness, tiredness, etc.), reports of visits to clients, assessment of the competitors, analyses of complaints and surveys.

According to Gerson (1993), most measures on the client's satisfaction stem from written or oral questionnaires, telephonic or face-to-face interviews and groups of analysis.

The performance of a product or service can be measured either in an objective or technical way or in a subjective or perceived way (Nascimento, 1998). The latter is of more importance to the models of client's satisfaction.

#### **4. METHODOLOGY**

As earlier noted, a case study approach was used in the study to attain the proposed objectives. According to Yin (1989) a case study is a way to conduct empirical research which investigates contemporary phenomena within a real life context.

Geographically the study was limited to the town of Bragança, due to the importance of the construction sector, particularly the housing sub-sector, in Bragança economy. The pattern of the housing subsector is in line with that of the rest of the country - the exhaustion of the potential demand owing to excessive supply in the last decade of the XX century. Until the completion of the project, there was not in Bragança any enterprise which was certified with the ISO 9001 standard.

In a first phase, a series of interviews were conducted on different stakeholders of the housing market in order to get a better insight of the characteristics of the housing products, and the needs and wants of the housing clients.

In a second phase, a questionnaire.-surveys was conducted on users of newly occupied housing. The data collected referred to mainly attitudes and behaviour of the clients, which are characteristic of a qualitative research (Dantas, 2000). On the other hand, the analysis is somewhat quantitative for it is presented in numerical values (percentage and means) for an easier interpretation of the results.

The housing product chosen for the study was housing integrated in multi-family residences built recently, similar in construction quality and type of finishing, price and location. Thus, 14 buildings comprising 216 apartments (typologies T2, T3 and T4) were selected for the analysis. A typology T2, for example, means that the housing has two bedrooms and one living room.

The buildings were at the time in the guaranty period, which made it easier for the respondents to demonstrate their satisfaction with the product.

The design of the questionnaire-survey was divided in the following topics:

TIOPIC1 - GENERALITIES/IDENTIFICATION OF CLIENT - civil status; age; academic qualifications; profession; housing typology; number of children and of the household; amount of the mortgage loan

TOPIC 2 - BUYING DECISION - motivations of purchase; knowledge of the housing characteristics, number of apartments that were visited for the decision-making; people that participated in the decision-making process; positioning of the product; period of purchase in relation with the construction stage.

TOPIC 3 - SATISFACTION WITH THE PROVISION OF SERVICE - quality at reception; provision of services; personalisation, answer to complaints; technical documentation provided. These are attributes of services which were deemed more important for the client.

TOPIC 4 - APARTAMENT AND BUILDING - alterations undertaken in the architectural design; level of satisfaction with the apartment /building, namely with the location of building( proximity with the town centre, services and commerce, schools/nursery and green areas); with constructive aspects (materials quality, finishing, lifts, safety against fire, thermal and acoustic insulation, lighting and natural ventilation; with spaces (areas of rooms and layouts); and aesthetic aspects (window-frame and door-frame, carpentry and mosaic). These are the attributes related to the product that are more important for the client

TOPIC 5 - FIDELITY OF CLIENT - intention to buy back at the same enterprise; image of the enterprise in the market.

The analysis of the above-mentioned questions will allow the enterprise to:

- Get a better segmentation of the target market;
- Improve the provision of services;
- Optimize the development of future projects (architects and engineers will get worthy information based on the true needs of the clients);
- Recognise the sources of information and advices of the clients, in order to better orient the marketing efforts;
- Promote the image of the enterprise (a client-focused organisation has a better image in the market);
- Divulgate the characteristics that the clients pointed out as the best ones to attract new clients and improve those that were deemed as the worst;
- know the differences of the product acquired by the client in relation with competing products;
- Get a better knowledge of the motivations of the client in the buying decision process, and develop adequate efforts to communicate with the appropriate people.

The importance of client participation was emphasised in the introduction to the questionnaire, and in an enclosed letter from the contractor /promoter of the building. Most of the questionnaire comprised close-ended questions, which are easy to fill in and allow better fluidity in the answer

and facility in the treatment and analysis. There was an open-ended question in the final of the questionnaire and an area of suggestion to complement the information of the close-ended questions. Verbal scales with a rating between 1 to 5 were utilised to facilitate the choice of answer, thought were further associated with numbers for the treatment and analysis of data. According to Hayes (1992), scales with a rating lower than 5 are not appropriate for statistical analysis.

As already said most of the variables analysed are qualitative, as the main concern were the behaviour and sensitiveness of the clients. Successive modifications in the questionnaire were made, which in the first phase were filled in by selected clients and different actors in the housing market, in order to keep a simple, clear and consistent structure, and with the additional care of avoiding technicalities.

The distribution of the questionnaire-survey to the respondents was made in the third week of February, 2005, and was returned between 7 and 10 of March, 2005.

An Excel 2003, e SPSS 11.5 programmes were used for the statistical treatment of data. The results of the questionnaire are presented in the following chapter, in a format comprising percentages and means. The analysis of results should be kept simple for an easy understanding of all sectors of the enterprise (Jobin, 1997).

## 5. RESULTS

From the questionnaires sent to the clients of four housing developers (Enterprise A, B, C and D, for reasons of confidentiality), 51%, 55%, 49% and 46% were returned for , respectively, enterprises A, B, C e D, which are a good response rate.

The results of the study showed that insulation of internal noise, as well as the entrance to the garage were the parameters that less satisfied the respondents of the survey.

Analysing the clients from the four enterprises, it was shown that more than 90% asked for a bank mortgage for the purchase of the housing, and that constituted more than 50 % of the selling price.

Bragança is a small town and local knowledge is a primordial factor in the strategy of the enterprises. Clients' relatives have a significant weight in the decision- making process, and friends and acquaintances are only important for the 'word of mouth' advertisement.

Most of the respondents purchased their apartment in the finishing stage of the building. The results of the questionnaire also showed that there is a lack of interest in getting technical documentation pertaining to the housing they acquired, though 42% personalised their housing with regard to some finishing characteristics.

More than 80% of the respondents rated either as high or very high their level of satisfaction.

A summary of the main conclusions of the questionnaire pertaining to the enterprise A is stated below.

Profile of the client: young couples, joint proprietors, chose the T3 Typology, are in the beginning of family life (0 to 1 child), asked for mortgage to purchase the house, which represented more than 75% of the value of housing. They asked for design alterations, mainly tiles and mosaic.

Determinant factors for the buying decision: They purchased their first housing because they married and also concluded that it was better to pay a monthly instalment than to pay a rent. Furthermore, housing was considered a good investment. Other people that participated in the buying process were their parents.

Positioning versus competing products/enterprises: This enterprise positions for "good-name of the promoter and contractor", for the area of rooms, aesthetics of the apartment and quality of finishing.

Services provided by the enterprise: more than 95% of the clients are satisfied with the services provide by the enterprise. The determinant factors that satisfy the clients are kindness at the reception, courtesy, competency and professionalism. The factor that less satisfies the clients is the response to design alterations requests.

Product characteristic: the characteristics that more satisfy the clients are the area of rooms and the aesthetic of the house. What less satisfy the clients are the insulation to internal noise and the entrance to the garage.

Strengths - areas and layout of the compartments; weaknesses – insulation to internal noises and solar exposure.

Fidelity of clients: almost all the respondent would recommend the enterprise to fiends and acquaintances and would by back at the enterprise in a second hand purchase. The image of the enterprise in the market is good. .

Figure 420.2 Summary of the objectives reached for the enterprise A

Some results of the questionnaire are depicted in the figures presented below.

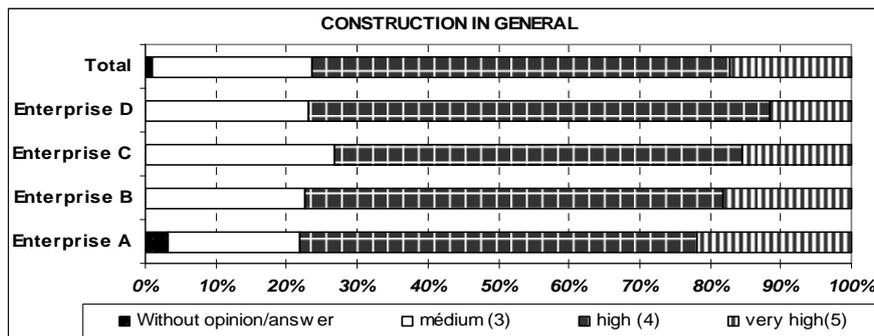


Figure 420.3 Degree of the customer's satisfaction : Construction in general

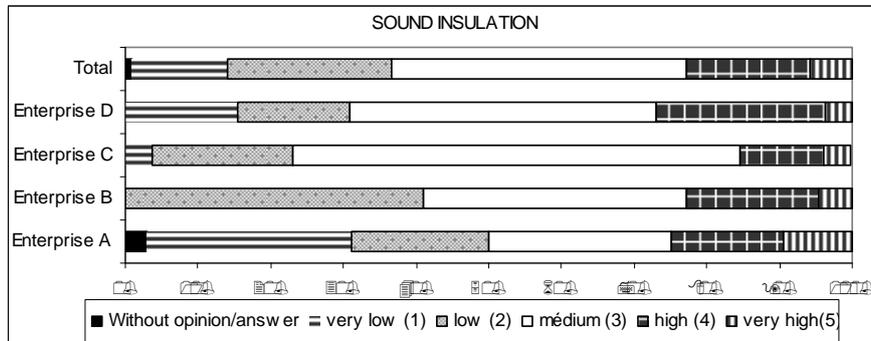


Figure 420.4 Degree of the customer's satisfaction: Insulation (internal noises)

It was considered necessary to calculate the mean for each attribute, so that it was possible to present an action plan. In this study, all the attributes that scored an index lower than 3.5 was analysed (M). The enterprises are, however, entitled to establish their own target.

Table 420.1 Satisfaction index of some attributes

Quality attributes (constructive aspects)	M
Acoustic insulation (internal noises)	2.5
Acoustic insulation (external noises)	3.7
Thermal insulation	3.9
Quality of the materials	3.8
(...)	
Quality attributes (spaces)	M
Area of the living room	4.4
Entrance to the garages	3.0
(...)	
Quality attributes (aesthetics)	M
Tiles and mosaics	3.6
(...)	
Quality attributes (Service)	M
Kindness and courtesy in service	4.3
Answer to the request of design alterations	3.0
(...)	

This way, some problems are identified which might be problems or potential problems in similar products, The way forward is to investigate possible or potential causes and determine the preventive or corrective actions to eliminate or mitigate them. Thus, it is the re-feeding the

productive process to improve in a continuous way both the product and the related services.

Table 420.2 Actions plan- example

<b>Action Plan / Objectives</b>		<b>Year:</b>
<b>- Definition, Assessment/Monitoring -</b>		<b>2006</b>
<b>Objective: Analysis of the questions with low score results, identification of possible causes and proposed solutions</b>		
No Conformity/ Potential Problem	Insulation between houses =2,5	
Investigation of the Possible / Potential causes	It lacks appropriate solutions for the insulation	
Corrective/Preventive actions	Appropriate solutions and obtaining of an acoustic certificate	

## 6. CONCLUSIONS

The improvement in housing quality will only be attained if there is a clear and unequivocal focus on the client. One of the primordial tasks is the recognition of the true understanding of the needs, wishes and expectations of the client. The management of the information regarding housing clients in the occupancy stage will facilitate the adoption of significant improvement in similar new products. Quality and marketing are interrelated areas that have in common the satisfaction of clients. The improvement in housing quality has an impact on the client's satisfaction, and it is the marketing strategy that facilitates the strategies in other areas, such as positioning, segmentation, differentiation, flexibility of the housing product, communication with clients, among others.

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