

New home customer satisfaction



HBF NATIONAL NEW HOME CUSTOMER SATISFACTION SURVEY

APRIL 10

Key Findings

Despite the wider economic climate resulting in probably the most difficult period in the home building industry's history, this year's results are by far the best since the survey was first published in 2006 and show levels of customer satisfaction that compare favorably with any industry service or product. After steady progress in previous years, all of this year's results show dramatic improvements in satisfaction, a testament to the efforts made by developers to ensure their customers are happy with their purchase. Nearly 9 out of 10 (88%) purchasers in the 12 months from October 2008 to September 2009 were satisfied with the overall quality of their home, with a similar proportion (88%) saying they would recommend their home builder to a friend. Both of these responses show increases of over 10 percentage points on last year's results in the proportions of satisfied customers, and helped lift all the developers surveyed up at least one star ranking.

Customer Satisfaction: Background

HBF's national survey of new home buyers was launched in 2005 in response to one of the recommendations of the Barker Review of Housing Supply (2004). The fifth annual survey coincides with the launch of a national Code of Conduct for the home building industry, developed by the main warranty bodies and industry trade organisations.

This report presents results from HBF's fifth Customer Satisfaction Survey, covering the 12 months October 2008 to September 2009. Previous surveys covered the 12 months to September 2008; to September 2007; to September 2006; and the six months to September 2005.

As with the first four surveys, the new results reveal a high level of satisfaction among new home buyers, confirming the industry's commitment to excellence. Raising customer satisfaction in a home building company, where each house or apartment is effectively a bespoke product, built on location, often involving sub-contract labour, requires commitment from everyone in the company, from senior management through to site sales and construction staff.

The high levels of satisfaction revealed by the HBF survey are supported by other new home buyer surveys. A survey by CABE in 2006 found 91% of new home buyers were satisfied (49% very satisfied) with their home. In an OFT survey of new home buyers in 2008, 80% said they would be very or fairly likely to buy a new home again, with 70% saying they would be likely to buy from the same home builder again.

HBF National New Home Customer Satisfaction Survey

HBF's survey is a self-completion postal census of the new home purchasers of 15 larger home builders each constructing in excess of 500 homes per year. It covers purchasers legally completing during the 12 months October 2008 to September 2009. Purchasers were sent a questionnaire eight weeks after legal completion.

The survey is aimed at owner-occupiers. Rented properties and conversions are not included. The survey work was carried out by NHBC on behalf of HBF.

Of the 32,870 questionnaires mailed, 16,741 were returned, a response rate of 50.9%, an outstanding response to a postal survey. Industry results for the eight survey questions are shown on page 2. Individual company results are shown on page 3 for Question 7 (satisfaction with overall quality of home) and Question 8 (recommendation) using a five-star rating. A brief description of the methodology and star ratings is given on page 4.

Survey Findings

Since the survey started, results have shown a clear improvement. To achieve these improvements has required a commitment within companies from Board level through to the sales staff who deal with customers. Every area of a business ultimately has an impact on the end product and how it is perceived by the end user. The results in all areas have seen a leap in satisfaction levels this year. This is despite the extremely harsh economic operating environment, during which many companies have had to shed jobs and close offices. The results give a clear demonstration of the industry's determination to continue to improve its product.

84% of purchasers were very or fairly satisfied with the service during the buying process, compared to 77% last year. In addition 83% regarded their builder as very or fairly good in relation to completing the home on time, up 13 percentage points on last year.

Asked about the condition of their home on move-in day, 86% were satisfied, with a similar proportion (83%) regarding the standard of finish as good.

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...Survey Findings cont

As in previous surveys, the weakest area proved to be service after purchasers had moved in. However, as with other results, this also showed a significant improvement, with satisfaction rising over 11 percentage points to 76%.

Whilst the proportion of home purchasers reporting a problem to their builder after moving in dropped very slightly, the vast majority (71%) said that the number of problems was in line with, or less than they had expected.

Finally, when asked about their overall satisfaction or dissatisfaction with the quality of their home, 88% said they were very or fairly satisfied, an increase of over 11 percentage points on last year. In addition, 88% of new home purchasers said that yes, they would recommend their builder to a friend, a ringing endorsement for all participants in what has been an extremely difficult year.

HBF National New Home Customer Satisfaction Survey Industry Results (weighted)

Q1. How satisfied or dissatisfied were you with the service provided by your builder during the buying process?

| | Very satisfied | Fairly satisfied | Neither | Fairly dissatisfied | Very dissatisfied | Total satisfied | Total dissatisfied | Sample size (not weighted) |
|---|----------------|------------------|---------|---------------------|-------------------|-----------------|--------------------|----------------------------|
| % | 47 | 38 | 8 | 5 | 3 | 84 | 8 | 14,546 |

Q2. How would you rate your builder in relation to completing your home on time?

| | Very good | Fairly good | Neither | Fairly poor | Very poor | Total good | Total poor | Sample size (not weighted) |
|---|-----------|-------------|---------|-------------|-----------|------------|------------|----------------------------|
| % | 56 | 27 | 10 | 4 | 3 | 83 | 7 | 14,176 |

Q3. How satisfied or dissatisfied were you with the condition of your home on the day you moved in?

| | Very satisfied | Fairly satisfied | Neither | Fairly dissatisfied | Very dissatisfied | Total satisfied | Total dissatisfied | Sample size (not weighted) |
|---|----------------|------------------|---------|---------------------|-------------------|-----------------|--------------------|----------------------------|
| % | 46 | 39 | 6 | 6 | 3 | 86 | 9 | 14,706 |

Q4. How would you rate the standard of finish of your new home?

| | Very good | Fairly good | Neither | Fairly poor | Very poor | Total good | Total poor | Sample size (not weighted) |
|---|-----------|-------------|---------|-------------|-----------|------------|------------|----------------------------|
| % | 39 | 44 | 9 | 6 | 2 | 83 | 8 | 14,700 |

Q5. How satisfied or dissatisfied were you with the service provided by your builder after you moved in?

| | Very satisfied | Fairly satisfied | Neither | Fairly dissatisfied | Very dissatisfied | Total satisfied | Total dissatisfied | Sample size (not weighted) |
|---|----------------|------------------|---------|---------------------|-------------------|-----------------|--------------------|----------------------------|
| % | 44 | 32 | 10 | 8 | 5 | 76* | 13 | 14,684 |

Note: an additional 1% responded "not applicable" to Q5.

Q6a. Have you reported any problems with your home (i.e. snags, defects) to your builder since you moved in?

| | Yes | No | Sample size (not weighted) |
|---|-----|----|----------------------------|
| % | 93 | 7 | 14,690 |

Q6b.* Was the number of problems in line with your expectations?

| | Fewer | Same | More | Sample size (not weighted) |
|---|-------|------|------|----------------------------|
| % | 30 | 41 | 29 | 13,526 |

Q6c.* Approximately how many problems have you reported to the builder?

| | 1-5 | 6-10 | 11-15 | 16+ | Sample size (not weighted) |
|---|-----|------|-------|-----|----------------------------|
| % | 42 | 30 | 13 | 14 | 13,569 |

Q7. Taking everything into account, overall how satisfied or dissatisfied are you with the quality of your home?

| | Very satisfied | Fairly satisfied | Neither | Fairly dissatisfied | Very dissatisfied | Total satisfied | Total dissatisfied | Sample size (not weighted) |
|---|----------------|------------------|---------|---------------------|-------------------|-----------------|--------------------|----------------------------|
| % | 49 | 39 | 7 | 4 | 2 | 88 | 6 | 14,709 |

Q8. Would you recommend your builder to a friend?

| | Yes | No | Sample size (not weighted) |
|---|-----|----|----------------------------|
| % | 88 | 12 | 14,380 |

Notes

1. "Neither" indicates "Neither satisfied nor dissatisfied" or "Neither good nor poor".

2. Results are weighted to take account of the size of each home builder.

3. The proportions responding very or fairly satisfied (or good) may not sum exactly to the total satisfied (or good) because of rounding.

* percentage based on those who have experienced 'service after' (i.e. excluding 'Not applicable's).



HBF National New Home Customer Satisfaction Survey Company Results (unweighted): Questions 7 and 8

Q7. Taking everything into account, overall how satisfied or dissatisfied are you with the quality of your home?

Q8. Would you recommend your builder to a friend?

| Sample size | Home builder | Q7 Quality of home | Q8 Recommend to a friend |
|-------------|------------------|--------------------|--------------------------|
| 3630 | Barratt | ★★★★★ | ★★★★★ |
| 758 | Bellway | ★★★★ | ★★★★ |
| 492 | Bovis | ★★★★ | ★★★★ |
| 283 | Cala | ★★★★★ | ★★★★★ |
| 471 | Crest Nicholson | ★★★★★ | ★★★★★ |
| 367 | Galliford Try | ★★★★★ | ★★★★ |
| 436 | Gladedale | ★★★★ | ★★★★ |
| 108 | Keepmoat | ★★★★ | ★★★★ |
| 147 | Lovell | ★★★★★ | ★★★★★ |
| 790 | McCarthy & Stone | ★★★★★ | ★★★★★ |
| 213 | Morris | ★★★★★ | ★★★★★ |
| 2794 | Persimmon | ★★★★ | ★★★★ |
| 421 | Redrow | ★★★★ | ★★★★ |
| 229 | Stewart Milne | ★★★ | ★★★ |
| 3614 | Taylor Wimpey | ★★★★ | ★★★★ |

Note: For Q7, stars were allocated according to the proportions responding very or fairly satisfied. For Q8, stars were allocated according to the proportion responding 'Yes' (i.e. they would recommend their builder to a friend)

HBF National New Home Customer Satisfaction Survey Technical Note

The HBF National New Home Customer Satisfaction Survey is a continuous self-completion postal census of the new home purchasers of 15 home builders building more than 500 units per year. Based on NHBC registration records, the participating companies account for 45% of all private newly built homes.

The survey results cover purchasers legally completing during the 12 months October 2008 to September 2009. Purchasers were sent a questionnaire eight weeks after legal completion.

The survey is aimed at owner-occupiers. Rented properties and conversions are not included. The statistical methodology used in the analysis of this survey has been discussed with, and approved by the Statistical Services Centre, University of Reading. The methodology is the same as in the first survey, published in 2006, for which Ipsos MORI acted as a consultant, advising on the methodology and analysis.

In total 32,870 questionnaires were mailed out between October 2008 and September 2009 and 16,741 questionnaires were returned, a response rate of 50.9%. Blank responses are excluded from the calculation of the results for each question.

The industry results (page 2) are weighted by builder to take account of the number of eligible homes they have built in the year. Individual company results are not weighted.

Company results for Q7 and Q8 (page 3) are presented in bands as follows:

| | |
|--------------------------|---------------|
| 90%+ | 5 star |
| 80% less than 90% | 4 star |
| 70% less than 80% | 3 star |
| 60% less than 70% | 2 star |
| 50% less than 60% | 1 star |

For Q7, stars were allocated according to the proportion responding Very and Fairly satisfied. For Q8, stars were allocated according to the proportion responding 'Yes' (i.e. they would recommend their builder to a friend). The table on this page gives an indication of sampling error.

The major benefits of the chosen system of star ratings are that they provide a fixed benchmark against which results can be compared from year to year, and the bands are transparent and easily understood.

HBF National New Home Customer Satisfaction Survey Company Results (unweighted): Questions 7 and 8

| Sample size | Home builder | Q7 Quality of home | Q7 Error identifier | Q8 Recommend to a friend | Q8 Error identifier |
|-------------|------------------|--------------------|---------------------|--------------------------|---------------------|
| 3630 | Barratt | ★★★★★ | α | ★★★★★ | α |
| 758 | Bellway | ★★★★ | | ★★★★ | |
| 492 | Bovis | ★★★★ | β | ★★★★ | |
| 283 | Cala | ★★★★★ | | ★★★★★ | |
| 471 | Crest Nicholson | ★★★★★ | α | ★★★★★ | α |
| 367 | Galliford Try | ★★★★★ | α | ★★★★ | β |
| 436 | Gladedale | ★★★★ | β | ★★★★ | β |
| 108 | Keepmoat | ★★★★ | α | ★★★★ | β |
| 147 | Lovell | ★★★★★ | α | ★★★★★ | |
| 790 | McCarthy & Stone | ★★★★★ | | ★★★★★ | |
| 213 | Morris | ★★★★★ | | ★★★★★ | |
| 2794 | Persimmon | ★★★★ | | ★★★★ | |
| 421 | Redrow | ★★★★ | β | ★★★★ | β |
| 229 | Stewart Milne | ★★★ | β | ★★★ | β |
| 3614 | Taylor Wimpey | ★★★★ | | ★★★★ | |

The star ratings are based on sample estimates, and are therefore subject to sampling error. For each estimate, there is a 95% chance the true figure lies within an error range either side of the sample estimate. For example, a company may have 72% responding Yes to Q8, with an error range of +/-3%. The result would be shown as three stars. However there is a 95% chance the true figure lies within the range 69% to 75%. An 'α' indicates that, taking account of the error margin, the true figure could lie within a lower star band. Alternatively, 'β' indicates the true figure could lie within a higher star band.