

# NEW HOME CUSTOMER SATISFACTION



HBF NATIONAL NEW HOME CUSTOMER SATISFACTION SURVEY

APRIL 07

## Key Findings

A large majority of Britain's new home buyers are satisfied with their purchase, according to the Home Builders Federation's latest Customer Satisfaction Survey. Just over three quarters (76%) of purchasers in the 12 months October 2005 to September 2006 were satisfied with the overall quality of their home, and 77% would recommend their home builder to a friend. Responses to the latest survey reveal a modest improvement on the already high levels of satisfaction recorded in the first survey, published in February 2006.

## Customer Satisfaction: Background

Recommendation 32 of the Barker Review (March 2004) said "the housebuilding industry must demonstrate increased levels of customer satisfaction", and called on the Home Builders Federation (HBF) to develop a strategy.

HBF's customer satisfaction strategy, developed in consultation with home builders and Homes for Scotland, has three key elements: a national survey of new home buyers in partnership with NHBC; a Code of Conduct and model Customer Charter, again in partnership with NHBC; guidance for home builders on compliance with the Unfair Terms in Consumer Contracts Regulations 1999.

A set of model contract terms, drawn up in consultation with the OFT, is now available to HBF members. A Customer Service Code of Conduct was launched during 2006. This report presents results from HBF's second Customer Satisfaction Survey, covering the 12 months October 2005 to September 2006.

As with the first survey, which covered the six months April 2005 to September 2005, these new results reveal a high level of satisfaction among new home buyers. Results either maintain or improve on the previous survey, confirming that the industry's commitment to high levels of customer satisfaction is paying dividends.

Raising customer satisfaction in a house building company, where each home 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. Companies that have achieved a significant improvement in recent years also stress that it takes time to achieve these improvements. Therefore we would not expect to see dramatic changes in the results from year to year.

## HBF National New Home Customer Satisfaction Survey

HBF's survey is a self-completion postal census of the new home purchasers of 20 larger home builders constructing in excess of 500 homes per year. It covers purchasers legally completing during the 12 months October 2005 to September 2006. Purchasers were sent a questionnaire approximately eight weeks after legal completion. Any private tenants receiving a questionnaire were asked not to complete it. The survey work was carried out by NHBC on behalf of HBF.

Of the 54,821 questionnaires mailed, 25,857 were returned, a response rate of 47.2% and a clear improvement on the 43% achieved in the first 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

Purchasers again reported high levels of satisfaction with the service during the buying process and completing their home on time. Well over three quarters (78%) were very or fairly satisfied with the service during the buying process, a percentage point higher than in the first survey. In addition, almost three quarters (73%) regarded their builder as very (44%) or fairly (29%) good in relation to completing the home on time.

Asked about the condition of their home on move-in day, 72% were satisfied (32% very), with a similar proportion (70%) regarding the standard of finish as good. By contrast, 18% were dissatisfied with the condition on move-in day and 18% regarded the standard of finish as poor.

As in the first survey, the weakest area was home builders' service after purchasers had moved in, with 65% very or fairly satisfied, against 23% dissatisfied. Home builders have achieved a welcome improvement on the 62% satisfied in the previous survey.

Although most home purchasers had reported a problem to their builder after moving in, such as a defect or snag, a majority regarded the number of problems as either in line with expectations (39%) or fewer than expected (22%). However 39% said the number reported was more than expected. These results were almost identical to the previous survey.

The survey reveals once again that reducing defects and improving after-sales service are the key areas for industry improvement.

An even higher 77% of new home purchasers said they would recommend their builder to a friend, against 23% who would not, a modest improvement on the previous survey (75%).

Asked about their overall satisfaction or dissatisfaction with the quality of their home, 76% said they were satisfied, unchanged on the previous survey, whereas 14% were dissatisfied.

## 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
%	37	41	11	7	4	78	11	22,367

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
%	44	29	11	9	8	73	16	21,943

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
%	32	40	9	11	8	72	18	22,592

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
%	29	41	13	11	6	70	18	22,630

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
%	31	32	12	13	10	65	23	22,568

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
%	94	6	22,593

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

	Fewer	Same	More	Sample size
%	22	39	39	21,046

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
%	36	41	10	9	5	76	14	22,589

Q8. Would you recommend your builder to a friend?

	Yes	No	Sample size
%	77	23	21,960

### 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.

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

Sample size	Home builder	Q7 Quality of home	Q8 Recommend to a friend
3530	Barratt	***	***
1202	Bellway	***	***
341	Ben Bailey	***	****
285	Berkeley Group	****	****
585	Bovis	***	***
249	Cala	****	****
577	Crest Nicholson	***	***
1424	David Wilson	***	***
314	Galliford Try	****	****
3759	George Wimpey	***	***
460	Kier Residential	***	***
267	Linden	****	****
254	Lovell Partnerships	***	***
1221	McCarthy & Stone	*****	*****
1227	Miller	***	***
244	Morris	***	***
3163	Persimmon	***	**
980	Redrow	***	***
247	Stewart Milne	***	***
2611	Taylor Woodrow	***	***

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?

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).

## Technical Note

The HBF National New Home Customer Satisfaction Survey is a self-completion postal census of the new home purchasers of 20 home builders building more than 500 units per year. Based on NHBC registration records, the participating companies account for 49% of annual NHBC registrations.

The survey results cover purchasers legally completing during the 12 months October 2005 to September 2006. Purchasers were sent a questionnaire approximately eight weeks after legal completion. Any private tenants receiving a questionnaire were asked not to complete it. 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 for which Ipsos MORI acted as a consultant, advising on the methodology and analysis.

Almost 55,000 questionnaires were mailed and nearly 26,000 questionnaires were returned, a response rate of 47.2%. Blank responses were excluded from calculation of the results for each question.

The industry results (page 2) are weighted to take account of each home builders' total NHBC registrations. 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 proportions 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 it provides a fixed benchmark against which results can be compared between surveys, 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
3530	Barratt	***	β	***	β
1202	Bellway	***		***	
341	Ben Bailey	***	β	****	α
285	Berkeley Group	****	α	****	α
585	Bovis	***		***	
249	Cala	****	β	****	β
577	Crest Nicholson	***		***	β
1424	David Wilson	***		***	β
314	Galliford Try	****	β	****	
3759	George Wimpey	***		***	
460	Kier Residential	***		***	
267	Linden	****		****	
254	Lovell Partnerships	***	α	***	α
1221	McCarthy & Stone	*****	α	*****	
1227	Miller	***		***	
244	Morris	***	β	***	β
3163	Persimmon	***	α	**	β
980	Redrow	***	α	***	
247	Stewart Milne	***		***	β
2611	Taylor Woodrow	***		***	

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.