

Customer Satisfaction and Selection of Real Estate Companies

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Abstract

Customer satisfaction is of paramount importance in any business to stay ahead of competition and enhance market share and profits. And, this is more profound in the Real Estate business where customer satisfaction and referrals play a huge role in the growth of the firm. In this study, two main objectives were looked into – the reasons for customer satisfaction in the Real Estate industry and the factors leading to the selection of a Real Estate firm by the customer fraternity. Through a survey of 238 respondents with the aid of a structured questionnaire, customer feedback on these two parameters was captured. The factors considered for customer satisfaction were: Facilities provided, Eco-friendly location, Offers and Discounts, Financial assistance & Tie-up with banks, Quality of Construction, Materials used for Construction, After Sales maintenances, Handing over time, Registration Process, Employees guidance and support. The factors considered for choice of a particular Real Estate firm were: Quality of construction, Affordable price, Discounts & Offers, Additional Facilities, Location of property, Property design and layout. Statistical tools helped derive the results that Affordable Price was the most prominent reason for selecting a Real Estate firm.

Keywords: Customer satisfaction, Quality of construction, reasons for selecting a Real Estate firm.

Introduction:

Customer satisfaction is a very difficult term to interpret as it varies from one customer to another. It gets all the more complex in the Real Estate parlance as the factors defining customer satisfaction are many. There is a customer perception that is involved in every case of customer satisfaction and when those perceptions of those customers are met, he/she becomes a satisfied customer. The factors that define one's satisfaction might differ from another based on the priorities accorded by different customers to different factors. In any case, when those perceptions are met by a firm, the customer turns a satisfied customer and could act as a goodwill ambassador for the firm as long as his

perceptions remain fulfilled. The success of any Real Estate firm lies in how long they are able to keep customers satisfied keeping in view of their changing priorities with time.

Similarly, the reasons for choosing a specific Real Estate firm are also complex. Real Estate carries an emotional quotient also in the minds of the customer apart from other major considerations. For that matter, property purchase is a family affair in the India household where every member has a say based on his/her priorities and choices. In the collective decision making process, some of the influencing factors get collective priority whereas some get subdued. It'd be of interest for every Real Estate firm to understand which of these factors carry due

weightage in the long run and selection of a particular firm.

Literature Review:

In a study by Karna.S *et al* (2004) titled “Customer satisfaction in construction”, satisfaction of customers on Finnish construction companies. The purpose of the study was to explore empirically the clients' main satisfaction/dissatisfaction factors. Customers were typically satisfied with the contractor's abilities to co-operate and the skills of contractor's workers and supervisors. In contrast, low satisfaction could be found for the items related to quality assurance and handover procedures and material. Another Research work was carried out to examine customer behavior towards residential projects in “A study of customer satisfaction of residential buildings in India” by Mohammed Roshan *et al* (2017). An opinion survey was conducted on 104 respondents wherein they were asked to plot their preferences of the home variable provided by developers on a Likert scale. The mean values pointed to the fact that most of the respondents were not satisfied with the service and maintenance support provided by the developers. The objective of the study by Ali, B. *et al* (2021) was to investigate the factors affecting customer satisfaction on purchase of residential apartments. A convenience sample of 94 customers was chosen for the survey response. The results pointed that any improvement in the indoor and outdoor factors would lead to a positive impact thereby leading to a greater demand for purchase of residential apartments.

In the paper “Literature Study on Satisfaction Factors of Customers in Construction Industry” by Shruthy Sivaprakasham *et al* (2017), it was emphasized that to effectively measure customer satisfaction it was important to understand what customer satisfaction meant and included and defining what needed to be measured and the method of measurement.

The study by Piyush,R. *et al* (2016) focused on analysis of factors for satisfaction of customers of residential flats in Surat and Ahmadabad regions. The paper concluded that majority of these customers were dissatisfied on various factors involving purchase. In another paper by Omonori, A. (2014) customer satisfaction in the construction industry in Nigeria was evaluated. The results showed that the quality of the product was not usually dependent on the price of the product or services and. quality was seen as precedent of customer satisfaction. Jesin,F. *et al* (2014) observed the performance of the construction company VGN Infra Pvt. Ltd and its customer satisfaction. The study identified product and service quality, price, location, delivery time and apartment buyers' characteristics as the key factors that were influencing apartment buyers' satisfaction. Joy,T. (2014) through his paper “A Study on Factors Influencing Quality of Construction Projects” established that Quality was an essential element for sustainability and customer satisfaction. It also defined Quality as “meeting the customer expectations” or “complying with the customer specifications”. In another study to reveal the satisfaction of residential apartment owners of Chennai by Chezhiyan, K. (2021) simple random sampling was on 200 residents and multiple linear regressions were carried out. The study concluded that service quality had a positive influence on customer satisfaction. An exploratory study was conducted to understand the service component in the Real Estate business in the paper by Amba, Rao. S.C (1991). Five service factors were found to be related to client satisfaction: expectations, communication, relationship, effectiveness and knowledge. Of these, expectations had the most influence. In another study to measure the customer satisfaction in the Swedish Real Estate industry by Palm, P. (2016), the objective

was to identify the strategies of formal customer evaluations. It was a startling conclusion that only half of the 24 Real Estate companies that were studied conducted any sort of formal evaluations though they were all considered to be customer oriented.

Nasar, K.K. *et al* (2013) through their study analyzed the perception of customers regarding the services provided by Real Estate agencies in Kochi. This study considered six factors: i) Real Estate agent's goodwill, (ii) Real Estate property, (iii) information delivery, (iv) behaviour of agents, (v) punctuality, and (vi) emergency services. Among these, the Real Estate agent's good will turned out to be the most significant factor. Another study by Karna, S. (2004) to identify the service quality factors that significantly provided satisfaction to customers while making their Real Estate transactions through the intermediation service provided by some Real Estate agencies also showed that Real Estate Agents Good will to be considered as the prominent factor leading to customer satisfaction.

Shahedul Alam, S. M. *et al* did a study to measure the customer satisfaction towards a Real Estate company in Dhaka City. The analysis of the study found that customers were satisfied towards the Real Estate company's product, their communication and distribution process, their employee behavior and also their safety and security issues. Another study by Wilson, C.*et al* (2001) titled

"Towards customer delight: Added value in public sector corporate real estate", focused on the challenges of defining and demonstrating value added in the field of public sector corporate Real Estate.

Thus the study of literature from various papers cited above demonstrate the various factors involved in customer satisfaction and quality perception of customers in the Real Estate sector.

Problem Statement:

As stated earlier, customer satisfaction is a complex phenomenon and so is, the selection

of a particular Real Estate firm. The objectives of this study were to:

- i. Identify and prioritize the factors that lead to the selection of a Real Estate firm
- ii. Analyze the factors that influence customer satisfaction in the Real Estate business.

The purpose of the study was to help the Real Estate firms in identifying the major factors that the customers accord priority for while selecting them for conducting business as well as those parameters that lead to the satisfaction of the customers which is the goal and objective of any firm that conducts business.

Methodology:

Initially, the factors that influence the selection of a Real Estate firm were identified and listed out. Since there was no available guideline or manual which defines this process, factors that could probably have an influence were shortlisted based on interactions with industry experts and professionals. Thus, the parameters governing the selection of a Real Estate firm were chosen as: Quality of construction, Affordable price of property, Discounts & Offers, Additional amenities, Location of the project, Layout and design of the project and finally Security features. Similarly, the factors that lead to Customer satisfaction were identified as: Facilities provided, Eco-friendly location, Offers and Discounts, Financial assistance & Tie-up with Banks, Quality of Construction, Materials used for Construction, After Sales maintenances, Handing over time, Registration Process, Employees guidance and support.

A structured questionnaire was drawn out after initial discussions with industry experts and professionals. Survey was conducted using this questionnaire wherein 238 responses were obtained by Random Sampling method. The readings were run for Reliability test and results depicted demographically as well as based on characteristics of property. Garret's Ranking

method was adopted to prioritize the factors governing the selection of a Real Estate firm. To understand and interpret Customer Satisfaction, statistical tests like Regression Analysis and Anova Tests were performed and results tabulated which are discussed in this paper.

Analysis of data-choice of selection of the Real Estate firm:

The data collected through survey was put through various statistical tests as cited below to make meaningful interpretations of the two objectives of the study.

Reliability test

Reliability refers to how replicable the outcomes obtained through a test and process can be. A lack of reliability can result from differences between observers or measuring

instruments, such as a questionnaire or measuring attribute instability which inevitably affects the validity of that questionnaire.

Reliability Statistics

Cronbach's Alpha	N of items
0.756	40

Source: Primary Data

With the total of 238 responses the Reliability test was run. The Cronbach's alpha turned to be 0.756 which was the good fit and there was a better internal consistency between the variables. **We could tell that the test we had designed was accurately measuring the variable of interest and hence it was more reliable.**

Table No. 1 – Demographic Profile of the Respondents

1	Gender	Female	87	37%
		Male	151	63%
2	Educational Background	UG	116	49%
		PG	87	37%
		Professional Degree	28	12%
		School	7	3%
3	Age	<30	20	8%
		31-45	132	55%
		46-60	79	33%
		>60	7	3%
4	Annual Income	<5L	106	45%
		6 - 10 L	103	43%
		11-15L	21	9%
		>16L	8	3%
5	Occupation	Private	159	67%
		Govt Job	28	12%
		Business	45	19%
		Others	6	3%

Source: Primary Data

It could be seen that majority of the Respondents were Males (63%), possessing Under Graduate qualification (49%), in the age group of 31 to 45 years, with 45% of

them having annual income less than Rs.5 Lakhs, and 67% of them employed in private sector.

Table No. 2 – Property Details

1	Property Type	Apartment	112	47%
		Villas	63	26%
		Duplex	42	18%
		Condominiums	21	9%
2	Property Worth	< 25 Lakh	90	38%
		26 - 35 Lakh	98	41%
		36 - 40 Lakh	34	14%
		> 41 Lakh	16	7%
3	Property Location	Rural	28	12%
		Semi-Rural	64	27%
		Semi-Urban	89	37%
		Urban	57	24%
4	Mode of Purchase	Cash - Full Settlement	36	15%
		Partial Cash & Loan	58	24%
		Financial Loan	136	57%
		Others	8	3%

Source: Primary Data

The above table shows that apartment units formed the majority of the purchase (47%) and in the price range of Rs. 26 to Rs.35

Lakhs and happened to be in semi-urban areas (37%) and majority of them (57%) had opted for financial assistance.

Table No.3 – Reasons for Selecting the Real Estate Companies

Rank	1	2	3	4	5	6	7	Total	Rank
Score (X)	78	66	57	50	43	35	22		
Construction Quality	39	69	0	35	0	112	42		
Xf1	3042	4554	0	1750	0	3920	924	14190	4
Affordable Price	216	81	0	0	0	0	0		
Xf2	16848	5346	0	0	0	0	0	22194	1
Discounts & Offers	42	112	74	0	47	22	0		
Xf3	3276	7392	4218	0	2021	770	0	17677	2
Additional Facilities	0	35	112	42	39	0	69		
Xf4	0	2310	6384	2100	1677	0	1518	13989	5
Property Location	0	0	64	151	35	47	0		
Xf5	0	0	3648	7550	1505	1645	0	14348	3
Property Design & Layout	0	0	0	69	112	77	39		
Xf6	0	0	0	3450	4816	2695	858	11819	6
Security	0	0	47	0	64	39	147		
Xf7	0	0	2679	0	2752	1365	3234	10030	7

Source: Primary Data

It may be observed that the most influential factor in the selection of a Real Estate firm was the affordability of price of the units offered by them with 22194 points. And, the least prominent of the factors was the security aspects provided by the firm in their projects.

Analysis of data -customer satisfaction on Real Estate companies:

Multiple regressions were applied to analyze the customer satisfaction on Real estate companies. The items were summed up to reproduce the ten original dimensions which were analyzed separately against the customer satisfaction factors.

Table 4 -Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
Customer Satisfaction	1(a)	1	1	5.697

Source: Primary Data

a Predictors: (Constant), Facilities provided, Eco-friendly location, Offers and Discounts, Financial assistance & Tie-up with banks, Construction quality, Materials used for Construction, After Sales maintenances, Handing over time, Registration Process, Employees guidance and support.

The above table summarized the strength of relationship between dependent variable (Variables on Customer Satisfaction) and individual independent variable of various factors. The R-square showed percentage of variation in one variable that was accounted by another variable. R square (R²) was the correlation coefficient squared; also it was referred to as the coefficient of

Table 5 - ANOVA

	<i>df</i>	<i>SS</i>	<i>MS</i>	<i>F</i>	<i>Significance F</i>
Regression	11	54.5454545	4.95867769	1.52732E+31	0
Residual	227	9.253E-29	3.2467E-31		
Total	238	54.5454545			

a Predictors:(Constant), Facilities provided, Eco-friendly location, Offers and Discounts, Financial assistance & Tie-up with banks, Quality of construction, Materials used for construction, After Sales maintenances, Handing over time, Registration Process, Employees guidance and support.

The acceptability of model from a statistical perspective. This was the source of variance, regression, residual and total. The total variance was partitioned into variance which could be explained by independent variables (Regression) and the variance which was not explained by the independent variables (Residual, sometimes called Error). Df - these were the degrees of freedom associated with the sources of variance. Here the degrees of freedom were 10

The above mean squares of ANOVA were calculated by sum of squares divided by their

determination. The adjusted R-square attempted to yield an honest value to estimate the R-squared for the population.

The value of R-square was 1 meaning that 100% of the variance in Customer Satisfaction could be predicted from the 10 independent variables: Facilities provided, Eco-friendly location, Offers and Discounts, Financial assistance & Tie-up with banks, Quality of construction, Materials used for Construction, After Sales maintenances, Handing over time, Registration Process, Employees guidance and support. The table also showed the adjusted R-square for the model as 1.

respective degrees of freedom, where mean square value for regression was 4.958 and for the residual were 3.246. The ANOVA table showed F-ratio for regression model which indicated statistical significance of the overall regression model. The F-ratio was the result of comparing amount of explained variance to the unexplained variance. The F-value was the mean square regression (1.527) divided by the Mean Square Residual (3.246). The p-value associated with this F value was very small (0.000). The significance value of the F-Statistic was less than 1.527. In this table the significance variable was less than 0.05 so that the group of variables, Facilities provided, Eco-friendly location, Offers and Discounts, Financial assistance & Tie-up with banks, Quality of construction, Materials used for Construction, After Sales maintenances,

handing over time, Registration Process, Employees guidance and support dimensions could be used to reliably predict the customer

satisfaction on Real Estate companies (as dependent variable).

Table No. 6 Regression – Customer Satisfaction factors with Real Estate Companies

	Coefficients	Standard Error	t Stat	P-value	Lower 95%	Upper 95%	Lower 95.0%	Upper 95.0%
Intercept	2.00E+00	6.72E-17	2.98E+16	0.00E+00	2.00E+00	2.00E+00	2.00E+00	2.00E+00
Facilities provided	4.62E-17	2.51E-16	1.84E-01	8.54E-01	-4.47E-16	5.40E-16	-4.47E-16	5.40E-16
Eco-friendly location	-2.17E-15	2.26E-16	-9.60E+00	4.44E-19	-2.61E-15	-1.72E-15	-2.61E-15	-1.72E-15
Offers and Discounts	2.26E-15	2.78E-16	8.12E+00	1.45E-14	1.71E-15	2.81E-15	1.71E-15	2.81E-15
Financial assistance & Tie-up	2.40E-16	6.18E-17	3.89E+00	1.24E-04	1.19E-16	3.62E-16	1.19E-16	3.62E-16
Construction quality	-2.66E-16	1.33E-16	-1.99E+00	4.71E-02	-5.28E-16	-3.46E-18	-5.28E-16	-3.46E-18
Materials used for Construction	3.29E-16	9.20E-17	3.57E+00	4.17E-04	1.47E-16	5.10E-16	1.47E-16	5.10E-16
After Sales maintenances	-2.52E-15	2.34E-16	-1.08E+01	5.78E-23	-2.99E-15	-2.06E-15	-2.99E-15	-2.06E-15
Handing over time	-2.00E-01	4.67E-16	-4.29E+14	0.00E+00	-2.00E-01	-2.00E-01	-2.00E-01	-2.00E-01
Registration Process	2.94E-15	2.32E-16	1.27E+01	1.40E-29	2.48E-15	3.40E-15	2.48E-15	3.40E-15
Employees guidance and support	-3.46E-16	1.29E-16	-2.68E+00	7.70E-03	-6.00E-16	-9.24E-17	-6.00E-16	-9.24E-17

a Dependent Variable: Customer Satisfaction on Real Estate Companies

The above table showed that relative importance of significant predictors was determined by looking at the standardized coefficient. For the level of awareness towards customer satisfaction on Real Estate companies- Facilities provided, Eco-friendly location, Offers and Discounts, Financial assistance & Tie-up with banks, Quality of construction, Materials used for Construction, After Sales maintenances, Handing over time, Registration Process, Employees guidance and support ($p \leq 0.05$) which meant that those factors were the main predictor by being negatively correlated. **By analyzing whole table results, orders of significance for predictor dimension of customer satisfaction on Real Estate companies was found to be negatively correlated and significant.**

Predictor regression equation

The predicted value (regression equation) impact on Customer Satisfaction on Real Estate construction business was calculated and the results are as shown below.

Y Predicted (awareness level towards the facilities offered by campus student community) = 2 + (4.622) Facilities provided + (-2.167) Eco-friendly location + (2.258) Offers and Discounts + (2.404)

Financial assistance & Tie-up with banks+ (-2.655) Construction quality+ (3.285) Materials used for Construction+ (-2.524) After Sales maintenances+ (-0.2) handing over time+ (2.940) Registration Process+ (-3.463) Employees guidance and support.

Findings and Conclusion:

As for the reasons for the selection of a Real Estate firm, the most prominent one was found to be the affordability of the price of units being offered and the least prominent one being the security services provided by the Real Estate firm in the project. The customer satisfaction on Real Estate companies was studied with the list of factors like Facilities provided, Eco-friendly location, Offers and Discounts, Financial assistance & Tie-up with banks, Quality of construction, Materials used for Construction, After Sales maintenances, handing over time, Registration Process, Employees guidance and support ($p \leq 0.05$) which meant that those factors were the main predictor by being negatively correlated. This study quantified that the customers were highly satisfied with the Real Estate companies but, at the same time they also expected responsible behavior from the companies, specifically to highlight the convenience, comfort of living, quality of

construction, and the life of the property. It concluded that Real Estate companies should improve their professional approach to ensure customer satisfaction and happiness.

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