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MEDIA RELEASE

Builders' response to defects crucial to securing recommendation from house-buyers

Builders must respond quickly to repairing defects in newly-built homes if they're seeking a house-buyer's recommendation, according to new research.

The New House Owners Satisfaction Survey by BRANZ asked the owners of homes completed in the last year a range of questions including how satisfied they were with their builder, the likelihood of recommending them and how they chose their builder.

The study found that builders who paid attention to sorting out their clients' house issues after they moved in were more likely to be recommended to others.

David Norman, Senior Economist for BRANZ, said a rapid response from builders was important.

"The majority of respondents stated that they were at least fairly satisfied with the overall quality of their home. However, 19% of house owners stated they were fairly dissatisfied or worse with the service provided by their builder after moving in.

"Some owners are dissatisfied with the service provided after moving in and the fixing of defects. This last series of interactions with the builder after large amounts of money have changed hands may leave a bad taste in the mouth of the buyer. This is strongly linked to whether or not the buyer will recommend their builder."

Registered Master Builders Association Chief Executive Warwick Quinn said the survey was critical to helping the industry better understand and meet the needs of consumers and track progress in doing so.

"As markets get busier and builders' workloads increase, there's a risk that their customer responses become slower. But, as the survey highlights, fast customer response is a priority for builders not only in their own business, but driving high-level professionalism across the industry."

The survey highlights that new house owners were generally more satisfied with their home and builder if they had a lot of input into the design of the house

Certified Builders of New Zealand Association Chief Executive Grant Florence said the survey reinforced the prominent role word-of-mouth referrals still play in getting and growing business.

“It’s good for the industry to have this information so builders can see the facts. It’s not just about how well they complete projects, but how well they deliver post-completion services. The survey also gives us a powerful tool in our educational processes to drive a more professional approach.”

The research also reveals that one in six respondents had a dispute with their builder over final costs. Auckland and Canterbury, two areas of high demand for building services, have significantly lower levels of satisfaction than the rest of the country.

Mr Norman from BRANZ continues “The challenge for the industry is going to be maintaining and improving performance as workloads increase, particularly in the Auckland and Canterbury regions.”

He added: “The clear message from the survey is that slow or bad service in dealing with defects after move-in strongly affects the likelihood that new house owners will recommend their builder.

“The changes in the Building Act passed in 2013 mean that builders will be responsible for fixing defects for 12 months rather than the typical 90 days from late 2014. This change will create even more opportunity for builders to ensure good word-of-mouth through prompt after sales service, or a bad reputation through failure to respond to customer complaints.”

The survey also found the most common reason for choosing an independent builder relied far more heavily on recommendations from friends and family whereas for franchise builders it was their show homes.

BRANZ is encouraging franchise groups and larger independent builders to contact them to discuss their clients’ levels of satisfaction, and their firm’s strengths and weaknesses, as part of BRANZ’s commitment to building excellence, said Mr Norman.

Ends

Research notes

The New House Owners Satisfaction Survey was first launched in 2011 to address a gap in the construction industry’s performance measures. The research is designed to find out from the owner of the new home how they thought their builder performed. This is the third time the research has been run.

For the purposes of the survey, the builder is defined as all people involved in the build process including office staff and sub-contractors employed by the builder.

Survey forms were sent to 2,419 owners in 31 territorial authorities identified on the building consent application form. 647 survey responses were received.

The New House Owners’ Survey report is available on the BRANZ website: www.branz.co.nz.

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About BRANZ

BRANZ is an independent and impartial research, testing, consulting and information company providing services and resource for the building industry. For more details see www.branz.co.nz