

# MEASURE OF SERVICE QUALITY OF CONTRACTORS / REAL ESTATES PHASE I REPORT

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## ABSTRACT

There are many factors that determine the service quality of the developers which would help in assessing before selecting one. Considering the Indian condition, not much research and case studies are reported on the factors associated for service quality for real estate developers. So, The prime objective of this study is to find the determinants that affect the service quality. Within organizations, customer satisfaction ratings can have powerful effects. They focus employees on the importance of fulfilling customer's expectations. When these ratings dip, they warn of problems that can affect sales and profitability. When a brand has loyal customers, it gains positive word-of-mouth marketing, which is both free and highly effective. Improving service quality is of paramount importance to many organizations for a number of reasons. It is seen to be the answer in gaining a competitive edge, assisting in increasing profitability, and is viewed as a major strategic variable in developing and maintaining fruitful and prosperous relationships in different areas of marketing.

**Key words:** Marketing, Service quality and real estate.

## INTRODUCTION

The real estate sector is one of the most recognized sectors globally. In India, real estate is the second largest employer after agriculture and is estimated to grow at 30 per cent over the next decade. The real estate sector consists of four sub sectors - housing, retail, hospitality, and commercial. The development of this sector is very much supplemented by the growth of the corporate environment and the demand for office space as well as urban and semi-urban accommodations. The construction industry positions itself third among the 14 major sectors in terms of direct, indirect, and induced effects in all sectors of the economy (Bolton and Drew, 1991).

Non-resident Indian (NRI) investments are expected to incur in this sector, both in short and the long term. Bengaluru is expected to be the most favored property investment destination followed by Ahmedabad, Pune, Chennai, Goa, Delhi, and Dehradun for NRI's. By 2040, real estate market will grow to Rs. 65,000 crore (US\$ 9.30 billion) from Rs.12,000 crore (US\$ 1.72 billion) in 2019.

Real estate sector in India is expected to reach US\$ 1 trillion in market size by 2030, up from US\$ 200 billion in 2021 and contribute 13% to the country's GDP by 2025. Retail, hospitality, and commercial real estate are also growing significantly, providing the much-needed infrastructure for India's growing needs.

Investment into Real estate by Individuals and Groups depends on the following factors

**Location:** Location plays an important role in the selection and pricing of the property. The Property located centrally in the heart of the city demands more premium as it has proximity to the infrastructure and daily needs. The liability and comfort is the major criteria. The proximity to the amenities such as commercial complexes, Malls, Education Institutions, Government offices, Health Care facilities is very important (Ghobadian *et al.*, 1994).

**Human inhabitation:** The communities need to be inhabited by the individual and groups as the community can build only when a group of people stay together. There should be engagement and interaction between them. The social needs are met only when the buildings are inhabited. The demand for scarcely inhabited properties is extremely low. The classification of the areas into urban, semi urban, and rural has a direct correlation to the number of inhabitants in a particular area.

**Infrastructural Development:** Infrastructure includes the roads, building, flyovers, proximity to essential services like Healthcare, Police, Fire Department, airports, Railway Stations, Bus stations etc. . The presence of good infrastructure ensures more investment into an area for both residential and commercial purposes.

**Condition of the property:** The age of the property is also considered. Every construction has a life, and the concreteness of the building must be ensured for the safety of the inhabitants. There is a normal wear and tear of every building due to the environmental factors. Hence the age of the property must be of concern. The statutory requirements from the governments also make it mandatory to determine the age of the building and redevelop the same after a specified period of time. Hence the real estate as a sector will always have new development and redevelopment activities as long as land and demand exist.

**Connectivity:** Well-connected properties have more demand. The connection to other localities, basic amenities and other cities is extremely important for inhabitation. Such properties will fetch a higher price as compared to a property that is not well-connected to the other areas. This is the primary reason for many properties are now being built in close proximity of other communities, Railway stations airports, hospitals, shopping complexes, entertainment hubs and malls.

**Customization:** The customized properties are preferred by the customers. In the group housing era, it is difficult for the developer to offer customization. Most of the large developments are standardized to take the advantage of economies of scale while procuring raw materials and

reduction of costs of management and monitoring. Customers are willing to pay higher price for customization as it suits their requirements. Hence customized properties have priced higher and are in demand (Gröonroos, 1984). Some developers may offer special areas such as landscaped terraces in the Houser apartment. This automatically leads to an increase in the prices of the property and also affects the demand for such properties. Before investing in a property, buyers consider the variegated factors that drive the trends. Understanding of the trends can give better returns from the property at a later date.

### **Challenges faced by the Real estate developers:**

The real estate developers in the country are facing some of the below problems which impact the buyers directly or indirectly. Some of them are listed below,

- Shortage of working capital and blockage of potential funds in under construction properties and land parcels.
- Return on investment for advertising and marketing costs incurred is not factual but based on guest mates. Thus, the cost effectiveness of such campaigns can't be measured. The lead conversion ratio and the source need to be identified precisely for such conclusions.
- Customer satisfaction is area of concern as the transparency has been an issue in the Indian realty sector and the customers are not happy about the same.
- Leads are generated at the cost of developer but the conversion but the conversion of the same is not tracked with perfection. Sometimes the developers end up paying commissions to middlemen even though of the lead is generated because of the developers marketing efforts.
- Real time inventory management and visibility to the sale team is lacking and hence the efficiency levels on closure of deals is impacted thus increasing value of per unit sale.
- The lack of construction intelligence, efficiency and poor projection of collections is impacting the builders adversely. This activity needs real time monitoring and most of the builders have failed to use the technology and implement business intelligence effectively.
- Reconciliation of customer balance dues and timely collections is extremely essential and a delay in the payments due from the customers has adverse impact on construction cycle and procurement.
- Builder's lack of control over information leakage and thus loose business to

competition and brokers.

- Developers find it challenging and are still adopting tedious ways to find customers requested information.
- Increasing competitiveness among the builders and wide variety of choices for the customers. The builders need to adopt the value selling approach instead of the commodity selling approach.
- Uniqueness of the projects in terms of their location, price, amenities, and offerings throws a major challenge for builders in terms of their positioning strategy. Building a value proposition i.e., competitors is a difficult task which needs professional help.

### **Service Quality:**

Quality is defined as adjustments according to the specifications of the customer. Product quality is defined as making alterations according to customer preferences (Crosby, 1979). The analysis of product quality and benefits achieved from good product quality has been prevalent for many years. However, service quality which is much more difficult to define and measure, is not as clearly understood, and needs further examination (Johnson *et al.*, 1988). These authors defined service quality as how well the service meets or exceeds the customer's expectations.

### **Problem statement:**

Real estate firms have traditionally competed on price and variety of services but stiff competition in the industry has forced the firms to look for other strategies to make them attractive to customers, one of them being improvement on service quality.

Johnson *et al.*, (1988) argue that perception of service quality has received almost no theoretical measurement attention, even though it is thought to be of great importance in the success of service delivery. Most studies conducted have been one-sided i.e., biased towards customers and almost nothing on the service providers. Although some objective measures of service quality can be taken as they are performed, such as time spent waiting, number of errors in filling an order, and the like, according to Zeithaml (1990), it becomes quickly apparent that such measures do not adequately capture the real test of service quality of whether the customer was satisfied. While categorized as a service sector industry, real estate agency differs in many respects from the retail banking, securities brokerage, credit card, and product maintenance service industries that were used to develop generic determinants of service quality. Unlike most other service industries, the real estate agency industry is characterized as being prescriptively customized. That is, there is a high degree of consumer customization because the buyer is continuously involved in and affects the production process. In addition, estate agents are required to exercise a great degree of personal judgment concerning service and delivery characteristics. Because of these industry

differences, service quality determinants for other industries may be inapplicable to real estate agency.

Marketers therefore have been forced to recognize that they must ultimately define quality in terms of customer’s subjective opinions, for their decisions take place in the mind. Service providers therefore need to emphasize on customer and their changing needs not only on efficiency of internal processes. There is a gap between perceptions of both service providers and customers on understanding of what service quality is and unless the perceptions are understood, there will always be a gap in the delivered service by service providers and expectations of the customers.

This study is therefore set to compare the service providers and customer’s perceptions of service quality and aimed at answering the question; is there a difference between service providers and customers’ perceptions of service quality?

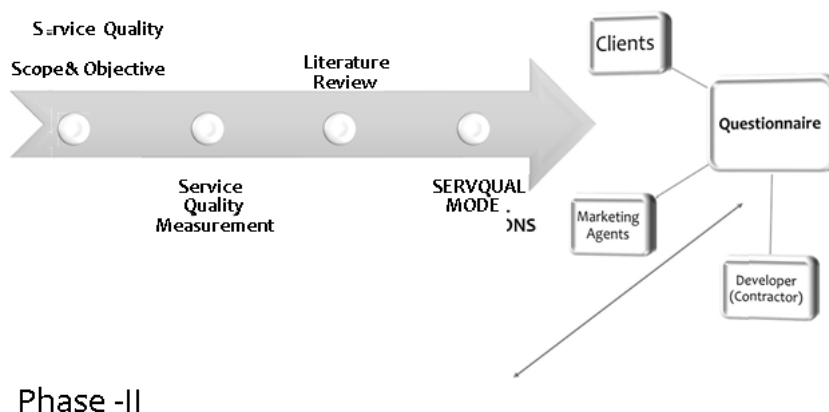
**RESULTS**

**Survey for measuring the Service quality for Contractors/Real Estate Developers**

Real Estate is one of the most globally recognized Sectors in India. It is the second largest employer after agricultural and is stated to grow at 30% over the next decade.

‘SERVICE QUALITY’ is defined as adjustments according to the specifications of the customer. Service quality is particularly important in real estate where the residential real estate market is rapidly and constantly changing. Agents and the industry benefit directly by asking for and receiving service quality information. Ultimately, buyers and sellers will benefit from the improved service quality offered, because the better the real estate industry understands its customers the more successful, they will be in satisfying them. Fig 1 shows the phase 1 and II project plan.

Fig 1: Phase 1 and II Project plan

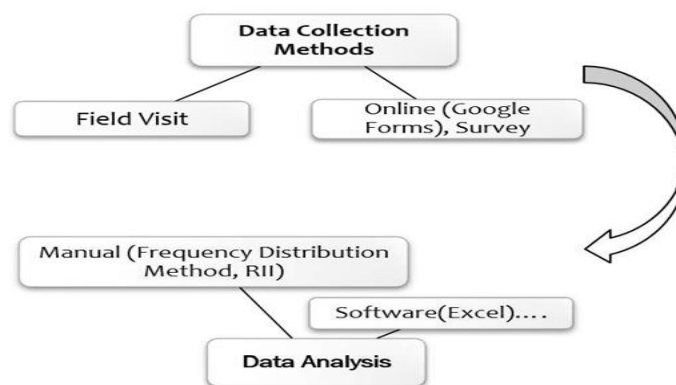


PLAN FOR PHASE-II

- Collecting Data with Direct interaction with contractors, clients, and Marketing agents and mostly by online google forms and survey.
- Data Analysis are planned to be performed based on regression methods -
- Frequency distribution and RII.
- Software Excel and other Software are yet to be planned for next phase.
- Based on the Survey and Data output the conclusion and suggestions and all future scope of project will be projected (Fig 2).

Fig 2: Phase 2 work plan

## Phase 2 Work Planned



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