

Meeting Customers' Needs - from Design to Management

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1. Introduction

Hong Kong has been transformed from a small fishing village in the 18th Century into a densely populated cosmopolitan city with a population of over 6.8 million. Just like any other modern metropolis in the World, safe and well-managed housing accommodation is of paramount importance to the people of Hong Kong.

The standard of housing accommodation needs in the past were in fact relatively simple and people were satisfied with a functional shelter. However, today with the changing social and economic environment, people have growing aspirations for an enhanced quality of life. People are now not only concerned about the basic requirements of health and safety of their housing accommodation, but are looking for their 'Dream Home' which should be convenient and comfortable with sufficient community and recreational facilities.

With the increasing market transparency, particularly with high technology electronic communication, people can easily obtain market information. As a result, they have a much wider choice of building products in the market and will only select the one that meets their needs.

This paper attempts to give a general picture on how to meet the ever changing needs of the customers in Hong Kong's residential property market from the point of view of a private developer through the various stages of the development process including Design, Construction, Marketing, Hand-over and Property Management.

2. The Customers' Needs

2.1. "Customers" - who are the customers?

"Customer" can be defined as an individual or group to whom you provide one or more products or services.

Customers in the residential property market therefore refer to those who buy or rent property and they can be divided into 4 categories :-

- i. First time home buyers
- ii. Upgrading home owners
- iii. Investors
- iv. Tenants

On a broader scale though, "Customers" should include family members of the actual buyers and tenants who will actually inhabit the properties and use the facilities and services provided.

Customers can further be classified according to which type of properties they are looking for i.e. high-class luxurious, medium-class, standard-class premises. Different classes of customer in the above segmentation will have a different range and priority of needs.

2.2. "Needs" - what are the needs?

Unlike most other consumer products, real estate is unique in nature. Each property can be differentiated by its location, design, orientation and size.

Similarly, a real estate customer has a unique set of needs which is also quite different from those of general consumer products. However, needs may not be the same as the actual demand as demand usually involve some other elements like affordable price, capital appreciation etc.

1. Basic needs :
shelter, safety and hygiene;
2. Functionality :
functional floor layout, flexibility and orientation;
3. Comfort :
standard of building services, provision of electrical appliances and standard of finishes;
4. Convenience :
transportation, home services and home shopping;
5. Community and recreational needs :
provision of amenities/facilities, e.g. clubhouse, school, leisure and community services;

6. Personal needs :
proximity to relatives, social life and personal taste;
7. Investment needs :
investment return and capital appreciation.

In fact, these needs are dynamic in nature. They are affected by various factors such as economics, government policy, demography, social needs, cultural background, personal styles, etc.

The relative importance of each individual need of the customer keeps on changing over time. This is simply human nature: once you get satisfaction of one need, you begin to want something else, something better.

Property developers should therefore be able to comprehend the relative importance of each customer's need and it should eventually be translated into various design criteria of a property development including intelligent use of building materials, practical and environmental friendly building design. In this way, the end product should satisfy or even exceed the customers' s expectation. To lead the market in this way has become the mission of every property developer.

2.3. The ways to know customers' needs:

Customers' needs can be obtained through various means, which include :-

- Customer surveys e.g. questionnaires and interviews;
- Customer focus groups e.g. customers club;
- Home visits;
- Informal gatherings e.g. events and functions;
- Frontline staffs feedback e.g. sales representatives and estate officers;
- Other communication channels e.g. web sites and chat room;
- Benchmarking on customers' level of satisfaction;
- Customers database: the more customers, the more data and the better understanding.

3. Meeting the Customers' Needs

Identifying the market position is the first thing to do. It is necessary to decide who will be the target customers, get close to them, and know what they need through proper market research and analysis. Then what is left is to provide a quality product and service to meet or even exceed their needs. "Quality" should be assessed by the customers and requires continuous product improvement. This is not a process which refers to any single exercise, but a process that involves all parties throughout all stages of property development.

To begin with, the company itself must be ready to be transformed into a customer-focused organization.

3.1. Organization Readiness

To be customer-focused, the company or the organization should:

- Clearly identify common goals of the organization - which are customer orientated, emphasis on time, quality and enhanced value of the final product;
- Top management commitment;
- Dynamic organization structure: Project Team - multi-disciplinary & cross boundary;
- Effective communication: both horizontal and vertical communication;
- Staff training: emphasis on importance of employee and people focused management i.e. driven by customers and fueled by employees

3.2. Design Stages

The conventional design process for residential property development in Hong Kong used to be a designer orientated process led by the architects. The design process mainly relied on the ability and experience of the design team to ensure that the building design could achieve the development's time and cost constraints, and at the same time comply with the relevant legislation including the Building Regulations which control the minimum building health and safety standard .

It is quite obvious that in the recent years, there is growing awareness of the importance of a more customer orientated design process. The concern is not only the basic functional requirements like space, accommodation, etc. but also the quality of living of the occupants and the interaction between the building and the environment. As a result, the conventional way of building design is being replaced by a more customer focused teamwork approach.

This customer focused concept in property development is implemented by a multi-discipline and cross-functional project team which is formed to monitor each development. Team members include the

project manager as the team leader, architects, engineers, quantity surveyors, interior designers, marketing consultants, construction managers, etc. They work together to capture and translate the customers' needs into a unique building, that aims to give the customers a final product with optimum value and quality.

The spirit of 'Team Building' is the most important factor to the success of a project team. The team members may come from different companies and have different disciplines, training background and may also have a different perception of what is supposed to be 'good quality' building design.

One of the ways to unify the common goals in a project team is to go through a 'Value Management' process which emphasizes the teamwork and seeks to provide the maximum necessary functions in the most efficient way.

The Value Management process includes the following stages:

- Information: clarify existing project definition and identify project rationale;
- Analysis: identify functional requirements, project absolutes and relative performance requirements;
- Creativity: generate ideas, alternatives and options to meet needs and improve value;
- Judgment: evaluate ideas, alternatives and options;
- Development and Implementation: define improvement options, allocate tasks to realize value study findings, provide framework for process, prepare report to document rationale, action and structure follow-up.

3.3. Construction Stage

Quality assurance is the major target in the construction stage. Many complaints from the customers result from the poor workmanship or quality of materials in the building products. The root of the problem could be related to how the contractors make their profit from the construction contract.

The contractors can make a profit from a construction contract when they can improve the efficiency of the construction progress, avoid abortive site works, have good site planning and good deployment of labour with effective organization.

Unfortunately some contractors generate their profit mainly by cutting corners of the construction works, and even if tremendous efforts have been made to set up procedures and carry out supervision and inspections to ensure the quality of works are up to the original design specification, the results still may not be satisfactory.

We need to change this culture and coach the contractors to treat themselves as part of the project team and share the views of the united goal to deliver a quality building to the customer. Then it is more likely that a quality building can be produced. In order to do this, the working relationship between the developer and the contractor has to be changed to one of partnership. Selection of contractors should be based on their ability to deliver a quality building consistently rather than merely having the lowest bid.

For those organizations having their own in-house construction team, it should be easier to reinforce the customer-focused attitude among all parties at the construction stage and achieve a better result. Those organizations that require to out-source their construction works will need to motivate the contractors to achieve the united goal and to 'police' the construction activities to ensure the quality assurance can be achieved.

In addition, increased building complexity and changes in technology requires continuous updating of construction specifications, building codes and regulations, plus continuous staff training and education.

3.4. Marketing

To meet the customer's need, the traditional elements of marketing include Product, Price, Place and Promotion has to be recustomized and become :

- i. Customer needs & want :
identify the needs and develop properties that will best satisfy them;
- ii. Value to customer :
good value for money means more than affordable price and high resale value, it should also include the value of improving the customer's quality of living;
- iii. Distribution channels :
sales offices are more than a place to sell flats, they become show suites and demonstration centres for customers to feel how their living conditions can be improved;
- iv. Two-way communications:
instead of one way propaganda, promotion becomes a communication process that involves the potential customers e.g. customer's club.

Marketing process should actually be started from the beginning of the property development. As a team member of the Project Team, marketing people should attempt to see things from a customer perspective with the purpose of generating customer-perceived value which will be interpreted and translated to the final building product. It is also important to bring the customers up-to-date information about new developments in the business, and the ultimate goal of marketing is to help to improve customer understanding, add value to customer relationship, and improve customers' perception of your organization.

3.5. Hand-over

There are three important issues that need to be addressed at the Hand-over stage. First, the quality of the building must be good enough to meet what is expected by the customer. Second, staff must be helpful to assist the customer to become familiar with their new home. Third, any problems or defects encountered by the customer must be well addressed and resolved at the earliest time.

Before the actual hand-over, a multi-discipline hand-over team should be formed to monitor the whole process. Every unit must be inspected by representatives of the hand-over team to ensure the quality is up to the pre-determined standard and can meet the customer's expectation.

The actual hand-over of the property to the customers must be well planned. Staff must be well trained to answer customer's questions. Informative brochures/owner's manual must be prepared for the customer's reference. Signage and transportation arrangements of the development must be adequately provided to facilitate the customers and all facilities such as clubhouse, shuttle bus, landscape garden, etc. must be ready for use.

During the hand-over, staff must be able to deliver a high standard customer service. They must be polite and helpful with a good knowledge on matters related to the development. Any defects reported must be addressed and rectified promptly in order to minimize the disturbance to the customers.

Good communication with the customers is important. Many problems can be properly resolved at an early stage before they turn worse and cause damage to customer relations.

3.6. Property Management

Traditionally, property management took the role as a caretaker or rent man serving the landlord's interest in monitoring tenant's activities and in maintaining the property in order to uphold and upgrade the value of the landlord's investment. It aimed to manage the property itself and included functions like:

- Cleansing and tidying;
- Maintenance and general repair; and
- Policy enforcement: e.g. house rules, eviction of outsiders, etc.

Nowadays, property management is not only the management of the "bricks and mortar", but also a business focuses on the satisfaction of the people living in the property. It takes on a more comprehensive housing function rather than purely care taking. It is more customer orientated and is more proactive in searching and meeting customer's need rather than waiting to take remedial actions on receipt of complaints from the customer.

Customer orientated property management focuses on:

- Value enhancement:
e.g. total lifestyle management service, home convenience service, hotel management service, club house/recreation facilities, interest class, community activities, festival events, etc.
- Owner's involvement:
e.g. close liaison with the Owners' Committee and improving communication with residents;
- Value engineering:
input at design stage on matters that helps to achieve a more efficient management. e.g. advice on building services provisions, buildings master layout, security and waste management, etc.
- Feedback and improvement: collect feedback from customers. Continuous testing, monitoring and feedback is the only way to achieve continuous improvement.

D. Conclusion

In the next millennium, power will continue move down towards the customer. Customers will have better knowledge of the market and they will look for products that can fulfill their needs. Knowing and meeting customers' needs will be the pre-requisite to the success of any organization.

However, customers' needs change with the times. What is a top priority today will be overtaken tomorrow. Continuous research on what customers need and how well they are being satisfied is a prime necessity. Attempts to look beyond the current customer expectations and develop an insight into the future needs is the next important step that an organization should take in order to lead the market by producing quality products

or services.

To achieve this, the company culture and organization must be more customer focused. Representatives from all relevant disciplines are required to work together as a project team to capture and translate the customers' needs into individual buildings. The process must rely on good co-ordination among every member of the project team to build up a better team spirit.

After all, the most important point is to ensure that at every stage of the property development it is both 'Customer focused' and 'Value-added'. The whole process is a continuous one which involves upgrading, testing, and feedback in order to achieve constant improvement and customer satisfaction.

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