

# HOMEOWNER SATISFACTION

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## ABSTRACT

In recent years, consumer satisfaction studies have focussed on issues of emotion. This has not been paralleled by interest in emotion arousing products. This paper reports the results of surveys with recent purchasers of owner-occupied detached housing owned for 24 months or less. Purchasers were asked about satisfaction with the home, the realtor, and the lender, using various satisfaction scales. Respondents were generally satisfied with the home, less so with certain purchase process elements. Attempts to relate causes and consequences of CS/D with the home met with mixed results. A scaled bounded by "Delighted/Terrible" seemed to be the best single indicant of CS/D.

## INTRODUCTION

A house is generally regarded as the largest single expenditure made by an individual or a family. Therefore, satisfaction or dissatisfaction with a home can greatly influence the individual's and/or family's feeling of general well being/quality of life (Davis and Fine-Davis 1981). While satisfaction or dissatisfaction of consumers with other consumer durables can be important, a house is the largest consumer durable purchased and therefore would potentially provide the emotional motivation for work, happiness and other positive emotions (if satisfied) or if not satisfied, negative emotions. The purpose of this paper is to examine the variables and process involved in determining satisfaction or dissatisfaction for homeowners. In order to address the question of satisfaction or dissatisfaction for homeowners, a special methodology for estimating consumer satisfaction/dissatisfaction (hereafter referred to as CS/D), was designed. This study seeks to establish levels of satisfaction and dissatisfaction, as well as identify causal and resultant correlates for feelings of satisfaction. In addition, a

definition of CS/D and a measurement technique grounded in emotional response, is evaluated in the context of recent home buyers' experiences. Specifically, this study attempts to do the following for homeowners.

1. Identify specific causes of CS/D,
2. Identify specific behaviors resulting from CS/D,
3. Assess the level of CS/D in the particular survey sample,
4. Determine the usefulness of a particular emotion measuring instrument (Izard's Differential Emotions Scale, DES) in a consumer context,
5. Determine whether consumers discriminate in their evaluations among the home, the real estate agent and the mortgage lender,

## HOMEOWNER SATISFACTION

Various literatures were examined in an effort to understand current knowledge and thinking regarding homeowner satisfaction. Few authors address the topic directly. The traditional marketing literature typically avoids considering the home as a consumer product (with a few exceptions). Conversely, the real estate literature tends to treat the home as an investment instrument and does not address emotional responses to consumption.

As with the job satisfaction literature, homeowner satisfaction is not distinguished well from attitude toward the home when the topic is discussed. Thus, the typical article reports levels of "satisfaction" and a multiattribute analysis of contributions to those satisfaction levels (Kaynak and Stevenson 1982, Leigh 1984, Onibokun 1974). Not surprisingly, factors such as neighborhood, adequacy for family size, satisfaction with kitchen, and structural integrity tend to rate highly as determinants of satisfaction (Rent and Rent 1978).

Of more interest to CS/D researchers is "...the

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microscopic analysis of the process of becoming dissatisfied or satisfied" (Morris and Winter 1978, p. 149). That is, CS/D is conceptualized as a relatively short-lived emotional response to purchase or consumption. Attitude, on the other hand, is a more enduring often latent construct (Hausknecht 1988).

In order to obtain and evaluate a "true" satisfaction response, measurement should focus on the home buying process (Hempel 1977) or on the reactions of recently relocated home buyers (Morris and Winter 1978).

For deeper insight into the satisfaction reactions of recent home buyers and the processes which lead to these reactions, interviews were conducted with real estate professionals (agents, representatives of the local Board of Realtors and real estate educators) in the market to be studied. These discussions confirmed the relative dearth of formal information but also provided some suggested relationships.

## METHODOLOGY

This study was conducted in conjunction with a Marketing Research course for senior undergraduates. The stated objective was to evaluate a satisfaction measurement instrument while providing the students with research experience. The students conducted much of the background research, including some of the interviews mentioned previously.

On the basis of the preliminary data and literature search, a bank of potential survey questions was generated. Each of five student groups then prepared a proposed questionnaire. A preliminary questionnaire was compiled which was then submitted to a series of tests and revisions. The final version was a six-page, legal size, self-administered, survey containing open-ended and fixed-response questions. There was no space provided for information to identify respondents, although respondents were aware that the questionnaire was to be collected at their home.

### Sampling

Because consumer satisfaction/dissatisfaction is thought to be an emotion (Westbrook, 1983), it is assumed to dissipate over time. Therefore,

homes owned for two years or less were selected as most likely to generate strong feelings and the sample was thus restricted.

Structures other than detached single-family homes (e.g., condominiums, town houses) were defined to be within the scope of the market, but no attempt was made to establish a separate or minimum sample size for these types of houses. (Type of housing is thought to influence satisfaction levels, but not necessarily the process by which satisfaction arises. Leigh 1984, Skrzycki 1984)

The sample was drawn in stages. First, twenty-six (26) of the forty-three (43) Multiple Listing Service areas were selected by lottery to be sampled. One street within each selected area was identified as a starting point. A form of cluster sampling was performed by identifying candidate addresses on the "starting street", then adjacent intersecting and parallel streets. Based on the defined population of interest, candidate addresses were defined to be those recording a residential transfer (sale) between January 1, 1985 and March 13, 1987 in Summit County, Ohio. An initial list of twenty to twenty-five addresses was developed for each MLS service area. Lastly, sample areas were randomly assigned to interviewers. Thus, the MLS area was confounded with interviewer, as is common with cluster samples. Interviewers were instructed to complete a quota of ten (10) questionnaires within their assigned area. In some cases, additional addresses were identified after the original candidate list was exhausted due to refusals, not at home, or ineligible respondents.

Field interviewing (actually a drop-off/pick-up technique) was conducted. Interviewers were responsible for their own transportation and scheduling. Interviewers reported a number of problems underlying the difference between attempted interviews and achieved interviews. These problems reflected the usual complications generated by door-to-door interviewing, such as not-at-homes, refusals, etc. (Table 1). In addition, some blocks were eliminated from sampling, due to visual impressions of the condition of the home. While this may have resulted in some upward skewing of the sample, it was a necessary trade-off to ensure the safety of the interviewers (students).

An effort was made to verify some of the survey administration. Those questionnaires which

were returned, showed no evidence of interviewer fraud (a more serious concern than interviewer error in this study, given that questionnaires were self-administrated. Overall, the data are assumed to validly represent the attitudes and opinions of the claimed respondents.

Table 1  
Field Interview Results

Outcome	Frequency	Results
Questionnaires returned	194	27.3
Not at home	236	33.2
Refused to participate	92	12.9
Occupants rented from owners	81	11.4
Accepted questionnaire/ didn't return	40	5.6
Address couldn't be located	36	5.1
Home apparently vacant	24	3.4
Home owned/occupied longer than 24 mos.	5	<1.0>
Home re-sold; occupants leaving*	3	<1.0>

\*These should have been eligible, but the problem was not foreseen prior to instructing interviewers. However, it is likely that one or more of these potential respondents would have thought the survey irrelevant and subsequently refused.

After the surveys were completed, other external data collection was performed such as the identification of the real estate broker, coding of the respondents' occupation and an effort to identify the price paid (if the questionnaire could be keyed to a specific address, the transaction price was found in the deed transfer records. Pre-testing revealed objections to requesting this information directly).

## RESULTS

From 711 contacts attempted, 194 questionnaires were returned. Of these, 179 were sufficiently complete to be used for analysis. The results of the 711 attempted contacts are shown in Table 1. Due to administration errors, seventeen (17) respondents were omitted from any substantive analysis because their tenure in the home exceeded the twenty-four month limit. In addition, it appears that the sampling frame

contained some unexpected errors. Some title transfers were for legal reasons and did not involve new residents, while some addresses were commercial properties listed as residential transfers. This yielded an effective sample size of 162 for the final analysis. This is an effective response rate of 22.8%. These respondents are briefly described in Table 2.

Table 2  
Respondent Data

SEX:	Female 53%	
	Male 47%	
AGE:	mean = 34.6	
INCOME:	less than \$20,000	15%
	20,000-34,999	44%
	35,000-49,999	30%
	\$50,000 or more	11%
EMPLOYMENT:		
	Professional/Managerial	16%
	Technical/sales/clerical	17%
	Service	5%
	Craftsman	5%
	Farming	0
	Operator/laborer	41%
	Unemployed/retired	16%
HOUSE TENURE:	mean = 14.4 months	
HOUSE VALUE:	mean = \$54,367	
HOUSE TYPES:	97.5% single family	

While respondents matched the market distribution of sexes quite well, ages 25-34 were over-reported at the expense of ages 50 and over. The skewing in the sample is consistent with the high representation for upper income groups and the notably lower levels of unemployed/retired respondents.

Virtually all (97.5%) of the respondents occupied a single family home. Table 3 indicates that the most commonly reported information sources used were: real estate salesperson (77%); Homes Guide and kindred papers (53%); local newspaper advertising (47%) and friends/relatives

in the area (36%). Of special note in the "other" category was the response that a yard sign was the information source. Although it was a small absolute response (6%), the fact that a portion of the sample felt this was a sufficiently important information source to write it in the "other" category space indicates the perceived usefulness of this device. In retrospect, omission of this item should be considered an oversight in the design of the questionnaire. (It should also be noted that Summit County is a relatively stable, Midwest market. Many moves are within a close area for economic or family life cycle reasons. Shopping around, listing one's own home for sale on speculation, etc. are more common behaviors than may be true in other areas.)

Table 3  
Information Sources Used

	<u>n</u>	<u>percent</u>
Local friends/relatives	57	36%*
Out of town friends/relatives	2	1
Real Estate salesperson	121	77
Local Board of Realtors	7	4
Building contractor	5	3
Beacon Journal advertising	73	47
Other newspaper	17	11
Homes Guide, etc.	83	53
Previous owner	13	8
Legal counsel	5	3
Home inspection service	6	4
Saw a sign**	10	6

\*Percentages don't add up to 100 due to multiple responses.

\*\*This response was written in by respondents under the "other" classification.

### Levels of CS/D

A major goal of this study was to identify levels of satisfaction and dissatisfaction with the home itself, the agent used and the lender used. Each was measured using three scales (a dissatisfied...satisfied continuum, the Delighted...Terrible scale and the Odds scale; Hausknecht 1990). In addition, an emotional measure of satisfaction with the home was recorded based on

Izard's DES in which satisfaction = sum of interest, joy, surprise and dissatisfaction = sum of anger, disgust and surprise. (Westbrook 1983). Respondents were aggregated into satisfied, neutral and dissatisfied categories using the appropriate ranges of each scale (Table 4).

Table 4  
Consumer Categories by Scale Used

	SATISFIED		NEUTRAL		DISSATISFIED	
	<u>n</u>	<u>%</u>	<u>n</u>	<u>%</u>	<u>n</u>	<u>%</u>
<u>HOME</u>						
DES						
(emotions)	106	74	n.a.		9	6
Satisfied	125	79	24	15	10	66
Odds	118	76	11	7	26	17
D-T	129	81	28	18	3	2
<u>AGENT</u>						
Satisfied	102	73	18	13	19	14
Odds	93	67	18	13	28	20
D-T	90	65	32	23	17	12
<u>LENDER</u>						
Satisfied	96	65	27	18	24	16
Odds	85	58	24	16	37	25
D-T	104	70	17	11	27	18

Results were fairly consistent across the scales. The Odds scale indicated consistently higher levels of dissatisfaction (less likely to do it the same way). Overall, satisfaction with the home itself was higher than with either the agent or the lender. (Note that the data were collected in the spring of 1987, following the 1986 home buying rush. Low interest rates spurred demand which outstripped service providers' ability to complete transactions.)

Of particular interest are the "neutral" responses. Many CS/D scales omit "neutral" or "neither" responses arguing that consumers must have some response to purchase or consumption (Hausknecht 1988). In this case, substantial numbers of respondents were neutral when reflecting on their home purchase.

### Causal Relationships

For this study, we examined simple correlations and simple and multiple regressions to uncover relationships among various measures of

CS/D and its putative causes (and consequences). These analyses are best considered exploratory.

The various measures of satisfaction with home, agent, and lender showed few significant relationships between "products." That is, consumers do appear to discriminate their responses to the different elements of the purchase process. Within specific measures of satisfaction with the home, the DES measure was positively related only to the perception of construction (Good...Bad). The Delighted-Terrible scale was related to perception of construction, location of rooms and doorways (Convenient...Inconvenient) and kitchen (Easy...Hard to work in). No other relationships showed consistent relationships across regressions. (Specific regression weights and significance levels would be misleading to report from these exploratory data).

### Consequences

In an effort to measure outcomes of CS/D with the home, Likert type scales measuring agreement with the following statements were predicted by various satisfaction measures:

1. I enjoy showing my home to friends and relatives.
2. I would recommend a similar home to a friend or relative.
3. I would recommend the neighborhood to a friend or relative.

The only significant relationships found were between statement 3 and the "Odds" measure and between statements 1 and 2 and the Delighted-Terrible measure.

### DISCUSSION

This investigation found that respondents were primarily satisfied with the home they had purchased as well as with the agent and/or lender who had assisted with the purchase. Nevertheless, significant numbers of homeowners were dissatisfied with one or more of the elements of the purchase process.

The most consistently performing measure of CS/D was the Andrews and Withey Delighted-Terrible scale. This encompasses emotional

response, but is less cumbersome than the DES scale as applied here. Using this scale, homeowner satisfaction is best predicted by functional features (construction, room location, functionality of kitchen). Satisfied consumers are more likely to enjoy showing their home and recommending a similar home to friends or relatives.

Many substantive questions remain. The decision to use home ownership of 24 months or less was arbitrary. Attempts to uncover effects of time within this range were fruitless (perhaps due to data limitations). When does satisfaction change or dissipate?

In addition, the research assumed the single satisfied...dissatisfied continuum was a sufficient description of the construct. Responses to the DES and comments from respondents suggest a more mixed, conceptually richer response to a complex consumer durable.

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