CHAPTER 1

INTRODUCTION

1.1 Background
Customer satisfaction with a product presumably leads to repeat purchases, acceptance of other products in the same product line, and favorable word-of-mouth publicity. Therefore, knowledge about factors affecting customer satisfaction is essential to marketers.

The word "house" is an object, which caters a broad range of household wants and needs. It is, potentially, a place for privacy and security and a space in which to take leisure, develop and live as a "household". A house provides more or less access to work, friends, shopping, leisure and so on. At the same time, it is set, in a neighborhood context embracing environmental quality, local public service provision and more or less community activity. The home may reflect and reinforce both social status and household wealth. As an active process, housing involves planning, design, financing, construction, letting or exchange, maintenance, etc.

Perbadanan Kemajuan Negeri Selangor (PKNS) has taken an active role in building houses for the people in the state of Selangor. As a responsible developer PKNS is very much concerned about whether they have fulfilled the consumer's needs? Is the housing environment conducive for living? Are the houses affordable?
1.2 Nature of the study
This research aims to study the satisfaction level of consumers who have purchased a house developed by a state development agency, which in this study, Perbadanan Kemajuan Negeri Selangor or also known as PKNS.

This research tries to enhance our understanding and also identify the relationship between variables in the consumer behavior concepts of consumer satisfaction and dissatisfaction (CS/D).

Based on the kind of information needed for this kind of study, the researcher has chosen the survey approach. This type of research design is appropriate due to the lack of secondary data as well as to be more up-dated on the satisfaction level of those house buyers.

1.3 Objectives of the study
As a state development agency that is rapidly expanding its size and scope, PKNS needs to enhance its leadership position in the face of extensive socio-economic development and globalization challenges that are taking place. To achieve this objective PKNS has developed a Quality Policy under its ISO 9002 for its property development activity.

The Quality Policy of PKNS would like to answer some basic questions as follows:

i) Are the houses built in line with consumer’s needs?

ii) Do the housing areas has a conducive environment and are affordably priced?

In order to qualify the Quality Policy Statement, this study has the following objectives:
i) To identify the attributes that the potential house owners consider important.

ii) To determine the satisfaction level of PKNS's house owners.

1.4 Significance of the study

Complete consumer satisfaction, like the unicorn or mermaid, is something we can all imagine but few of us ever expect to see. If it does exist, it is in a realm as remote as Camelot. Satisfying consumers is a very difficult task, yet consumer satisfaction is mandated by our kind of economy.

Thus, the knowledge of consumer satisfaction is essential to marketers. Satisfied customer provides a good base for repeat purchases, and sets the stage for favorable word-of-mouth to potential customers. At the same time dissatisfied customer will put a business at risk. A study has shown that 8.5% of a firm's revenue is at risk from customer dissatisfaction (Hepworth, 1997). When we satisfy an unhappy or dissatisfied customer, we can expect a long-term relationship will develop. If the problem is left unresolved, the customer will surely find a competitor company to fulfill their needs.

But why take all this trouble to measure consumer satisfaction? Why can't we use some surrogate measures such as sales and market share to measure consumer satisfaction?

Although it is easy to be critical of a firm using sales figures as an indicator of consumer satisfaction, we must admit that a company would not have a good sales picture unless it were satisfying consumers. A chicken and egg situation. The main problem with surrogate measures is that they do not indicate the extent of consumer satisfaction. Unsolicited consumer responses are not a very accurate measure of consumer satisfaction either, although they do give a business some indication of consumer dissatisfaction. The reason is that consumers' responses to companies represent mainly complaints rather than
compliments, reflecting recurring problem consumers are having with a firm's product. Thus, a formal consumer satisfaction and dissatisfaction model needs to be used in investigating consumer satisfaction level.

At the same time, housing research is largely concerned with how housing, both as an object and a process, interacts with broader social, economic and political systems. An economic interest arises as housing commonly involves around one-fifth of investment and consumption in advanced economies and about one-third in a developing economy like Malaysia. Housing-related wealth and debt have also become increasingly significant in recent decades. Housing both reflects and shapes social trends influencing individual opportunities and social well being. Sociology and social policy have had much to say about housing systems and policies. At the same time, housing issues may loom large on the agenda of politicians and voters as management and investment in housing units raise important issues about the roles and styles of community, city-level and national governance.

As such, I find it interesting to study PKNS, an agency incorporated in the era of New Economic Policy and thus have the responsibility to develop houses with the sole aim of logistic planning of the socio-economic needs during those years without great emphasis on customers' satisfaction or needs. As time evolves, new challenges emerged and PKNS realized that despite the ever-continuing role of logistic planning, PKNS needs to be more product-sensitive to remain competitive and relevant. Thus, a study on consumer's satisfaction of houses built by PKNS is long overdue.

1.5 Organization of the report
This study is divided into six main chapters. In the first chapter on Introduction, the researcher will introduce the area of study that discusses on the nature, objective, significance and organization of the study. This chapter will justify the question why this study is long over-due.
Literature Review being the second chapter will discuss on theories, previous studies, definitions and concepts of housing, marketing, customer’s satisfaction and dissatisfaction and other related consumer behavioral issues. This chapter justifies the theoretical approach that has been chosen for this study.

The third chapter on PKNS the Development Agency, will discuss the role and responsibility of PKNS to achieve customer satisfaction in its endeavor to achieve a balanced-society in the State of Selangor.

Research Methodology at the fourth chapter will discuss the research instrument, sampling design, data collection procedure and data analysis techniques chosen for this study and justification for the approaches.

At the fifth chapter, Research Results will dwell in data analysis and tabulation of results. Discussions will covers both the objectives of; to identify the attributes that the potential house owners consider important and to determine the satisfaction level of PKNS house owners.

Lastly, the sixth chapter, Conclusion and Recommendation will discuss an overall overview of the study outcome and implications as well as some recommendations for future studies.