RESEARCH ON CURRENT STATUS AND IMPROVEMENT METHOD FOR KOREAN NAME BRAND APARTMENT

Kyungsook Kim[1], Moojoong Kim[2] , Jaehak Jo[3], and Jaejun Kim[4]

[1] Associate Professor, Department of Interior Architecture, Tongwon College, KyungKi, Korea
[2] The master's course, Department of Architectural Engineering, Hanyang University, Seoul, Korea
[3] Department of Architectural Engineering , Hanyang University, Seoul, Korea
[4] Associate Professor, Department of Architectural Engineering, Hanyang University, Seoul, Korea,

ABSTRACT: Current brand strategies applied for name brand apartments seem to have no product differentiation but merely function as a convenient instrument for product image change through naming only. Since proliferating brand names don't have much relevance to their brand concepts at present, long-range brand strategies are definitely needed. We'll inquire, first, the success and failure cases in the brand strategies of other industry. Next, through questionnaire survey, we'll look into the brand concepts of construction firms and their customer satisfaction. Finally we'll present the necessity of indigenous brand culture by use of macroscopic contents development.

Key words : name brand apartment, customer satisfaction

1. INTRODUCTION

1.1 Research Background and Raising Problems

During the 1960's through the 1980's, marketing strategies in modern sense weren't required due to government intervention into the housing market. Accordingly the competitiveness of a construction firm mostly determined by the number of housing units it could supply. That is, the market was controlled by the paradigm of Say's Law which states that supply constitutes demand. But increased income and modified consumer lifestyle together with ever changing sociocultural environment produced diverse consumer demands in the housing market. In the mean time IMF crisis and autonomous housing pricing policy entailed much change in the marketing strategies of construction firms. Real estate market deterioration with the subsequent plunge of the housing demand and surge of dishonored bills naturally called for a transformation into a more competitive structure. During the 2000's, apartment naming patterns of using the name of the construction company or the local area gave way to those of using unique brand names, a trend which eventually opened name brand apartment era. Fierce competition among the construction firms, however, brought about brand abuse without sufficient quality backup and housing price surged due to the ever-rising advertising cost. Considering a dwelling is a high involvement product for a consumer in terms of price and buying frequency, the value and importance of brand is more significant. In this respect wrong brand strategies involve the danger of superficial brand building. We will analyze the problems of name brand apartment market and present a desirable direction in their branding.

1.2 Scope of Research

To measure customer satisfaction, we surveyed the inhabitants of the name brand apartments in the metropolitan area of Seoul and analyzed the apartment brands.

1.3 Contents and Methods of Research

To analyze the problems in the current brand strategies of the construction industry, we identified, first of all, consumer buying characteristics and then laid out the definition and function of brand by the survey of preceding theories and literature. Second, by investigating successful brand strategies of other industry, the differences between the construction industry and others were examined. Third, by actually implementing survey to name brand apartment dwellers and assessing their satisfaction level about branding, problems were analyzed and desirable brand strategies suggested.

2. LITERATURE AND THEORY INVESTIGATION

2.1 Theory of Consumer Behavior

In modern industrial society a business cannot increase its revenue let alone survive the competition without putting top priority on consumers. Accordingly firms pay attention to the consumer behavior and, for more effective marketing, measure consumer needs and put every effort in finding out what affects consumer's choice of specific brand. Since

consumer needs, attitudes, and behavior influence almost all aspects of marketing strategies, consumer behavior analysis has great significance to the marketing activities of a business.

The primary contributing factor in the continued growth and profit realization, a fundamental pursuit of business, is the sales which in turn are determined by consumer behavior. Therefore extensive insight into the consumer behavior is essential.

Consumer behavior is a psychological process by which individuals or groups process information to meet their needs and desires under the constraints of social relationships and environmental elements, and a series of behavioral processes expressed by accessing, purchasing, and using a product or service through a decision-making process(Suh, Sunghan, 1991). Consumer behavior can be assumed to originate from the basic purpose to meet their diverse needs, and the process of these needs satisfaction can be affected by multiple factors. The choices consumers make in meeting their needs are affected by various elements of their environment as well.
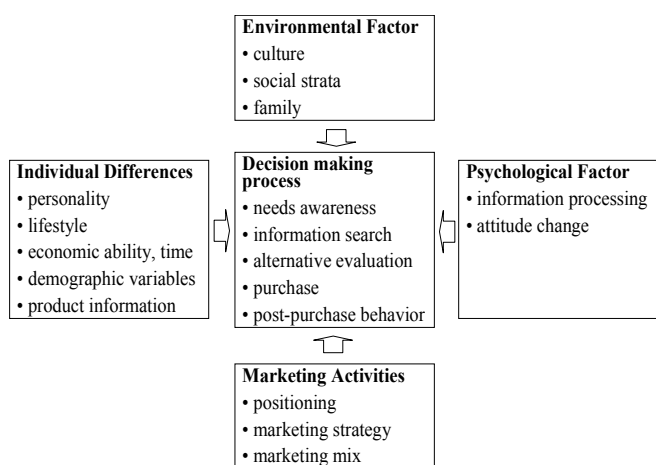

Figure 1. Consumer Behavior Model

2. 2 Involvement and Purchase Decision

Involvement is "a person's perceived relevance of the object based on his/her inherent needs, values, and interests."(Zaichkowsky 1985, "Measuring the Involvement Construct in Marketing", Journal of Consumer Research, 12 December, pp.341`352). The object here is a brand or service. If a consumer perceives a brand or service highly relevant, he/she goes through high involvement purchase decision process. Consumer purchase behavior is divided into high involvement and low involvement. High involvement purchase shows vigorous cognitive actions like information search whereas low involvement purchase accompanies low cognitive actions. Involvement is connected with other representative variables such as decision making/habit and rational/emotional motivation.

When consumers make their very first purchase decision or consider changing a brand they have used, 'purchase decision process' is activated in which a complex decision making is executed under the high relevance situation, whereas a simple, limited decision making is done under the

low relevance situation. Information processing is elaborate under the former situation while crude under the latter.

When a consumer repeats buying the same brand, it is called a 'habit' purchase which is a rather simple purchase behavior of buying the same brand regardless of its relevance. In high involvement situation brand loyalty is formed after a considerable degree of information processing, whereas in low involvement situation a suitable product is repeatedly selected after a limited information search, which is called inertia effect.[1]

Table 1. Consumer Behavior Relative to Involvement, Decision Making/Habit

	High Involvement	Low Involvement
Decision Making	Complex decision making	Limited decision making
Habit	Brand loyalty	Inertia effect

2.3 Definition of Brand and Name Brand Apartment

2.3.1. Definition of Brand

The origin of 'brand' is from a Norwegian word 'brandir' meaning 'putting a brand with a hot iron to mark one's property.' That is, 5000 years ago brand was perceived not as an equity but a differentiating function to mark one's property. Then about 10th century manufacturer names began to appear on the products as a mark of property to prevent faux products. Nowadays, other than those functions, brand is an instrument to express the individuality and image of the products and their manufacturers. It also is an important vehicle to create unique personality for consumers. As today's consumers buy brand image rather than products, brand has surfaced as a critical source of business competence.

2.3.2 Name Brand Apartments

Name brand apartments are considered containers which hold new consumer needs and lifestyles of post-IMF Koreans who, with increased income, put more emphasis on the dwelling space than on ownership.

The history of Korean apartment naming reveals that, during the 1960's, names usually came from the local areas as in Mapo Apartment or Wow Apartment. Then subsequent apartment market growth produced names bearing the construction firms such as Hyundai Apartment or Samboo Apartment. During the 1980's the names of the construction firm and local area were combined as in Samsung Mapo Apartment or Apgujong Hyundai Apartment. Into the 1990's the new town plans of the government created vast areas of apartment complexes, which brought in a new way of apartment naming that combined apartment complex and construction firm with the former having slightly bigger weight than the latter.

After the autonomous apartment pricing policy of 1998, construction firms began to introduce diverse apartment

[1] Brand management, Chulho Shin, Seoul international management

models in line with varied customer needs, and as a means to communicate proper image they began to use brand names. Thereafter branding fever went into nationwide expansion and almost all construction firms got to have their own brand names.
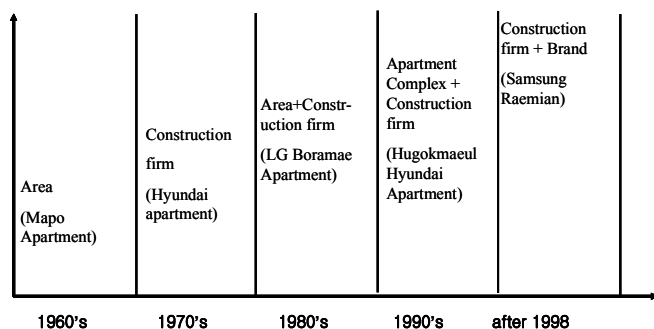

Figure 2. Historical Change of Apartment Naming[2]

2.2. Problem With Imprudent Branding

1) Social Cost Increase from One-time Use Brands

The branding fever of the construction industry produced over 300 apartment brand names of which the majority were only for one-time use. The mounting social cost of this imprudent branding without any differentiation eventually became the burden of consumers to shoulder, which justifiably called for a more effective way of branding.

2) Apartment Price Increase Due to Advertisement Cost Increase

Suh Jungrae mentioned in 'Research on the Impact Apartment Brand Has On the Consumer Behavior(2001)' that the more consumers are exposed to advertisement media, the more they are aware of apartment brands. That is, construction firms consistently increase advertising budget to heighten their product image. When this happens without quality backup, an overnight luxury brand can be produced just through advertisements, and the resulting cost increase from the imprudent branding becomes every consumer's burden.

3) Brand Strategy Limited to Simple Naming

As the housing price soars thanks to the brand power, apartment names had been frequently changed by the demand of their inhabitants.

These changes of names without the necessary quality and service upgrade resulted from an inconsistent brand strategy. Too many cases of 'fake brand apartments' triggered numerous consumer complaints, which necessitates a more thorough differentiation of the brand strategies within the construction industry.

4) Ambiguous Luxury Brand Marketing

With the advent of name brand apartment a whirlwind of luxury brand apartment swept the market. The industry laid stress on luxury marketing to give fresh feeling based on differential approach. However, under the present circumstances that standards of luxury brand apartment and quality guarantee are not specifically laid out, creating luxury brand apartment images through advertisement only harbors a lot of problems.

3. BRAND STRATEGY CASE OF OTHER INDUSTRY

1) Starbucks

With the slogan, "Starbucks is not a trend but a way of life," Starbucks has built an image of differentiated coffee specialty store which has met, through luxury consumption, the needs of the consumers who cherish "personality and values". "Starbucks experience doesn't stop at the coffee purchase" but extends to comfortable surroundings, luxury and sophistication, ultimately to an experience of brand culture. This is specifically mentioned by the chairman Howard Schultz. "We poured our efforts in customer service and added value creation. By succeeding in these efforts, we demonstrated we can create national brand without the help of 30-second TV ads."

2) Lexus

As the slogan "Lemonade from lemons" suggests, Lexus has proved that better service and customer satisfaction come from the little things within the differentiated strategy, which showcased the importance of the post-purchase service and attention in the brand image management. Especially the legendary Lexus recall incident that 8000 owners were notified by letters personally signed by the CEO and the repair was finished in mere three weeks has put Lexus onto one of the internationally renowned automobile brands.

3) Demise of IBM

Gary Hammel mentioned. "IBM has grappled for the past 20 years with a fundamental change of the computer industry. Computer industry was, however, led by the visions and strategies of various firms. In light of that, the problems of IBM was not in adminstration but in lack of vision."

IBM's market share approached 70% during a boom time but plunged to mere 38% with the advent of low price computers, which drove the company onto the verge of bankruptcy. It resulted from the concentrated efforts on short-term cost minimization rather than long-term development.

4. RESEARCH RESULT

4.1 The Characteristics of Survey Respondents

To evaluate consumer satisfaction with name brand apartments, we selected 100 name brand apartment dwellers and implemented a door-to-door survey. Omitting three interviews with incomplete answers, 97 questionnaire data have been analyzed.

[2] Jang Jihye(2004), Research of consumer perception for the purpose of apartment brand image improvement, Korea Architecture Society Paper Collection, No 24.

Table 2. The Characteristic of Survey Respondents

(N=97)

	Item	classification	F	%
The Characteristic Of Survey Respondents	Occ-upat-ion	General office work	15	15.46
		Teacher	3	3.09
		Technical work	5	5.15
		Professional work	6	6.19
		Self-employed	20	20.62
		Public official	5	5.15
		homemaker	38	39.18
		Others	5	5.15
		Subtotal	97	100.00
	Age	20~29	9	9.28
		30~39	33	34.02
		40~49	41	42.27
		50~59	8	8.25
		Over 60	6	6.19
		Sub total	97	100.00
	Inco-me	Under ₩1,800,000	3	3.09
		Under ₩2,800,000	19	19.95
		Under ₩3,800,000	27	27.84
		Over ₩3,800,000	`48	49.48
		Sub total	97	100.00
	Sex	Male	19	19.59
		Female	78	80.41
		Subtotal	97	100.00

The characteristics of the survey respondents are summarized as in Table2. As the face-to-face interviews were done during the business hours, housewives in their 40's show the highest ratio.

4.2 Information Acquisition of Apartment Brands

The following table contains the advertising media from which the respondents got the largest brand information, that is the most influential medium in their purchase decision.

Table 3. The Information Media Used in Name Brand Apartment Purchase

Classfication	Type of advertising media					
	TV	News-paper	Maga-zines	Realto-rs	Aucqua-intance	Oth-ers
Numb-er of respondents	31	29	12	7	14	4
(%)	31.9	29.9	12.3	7.21	14.4	4.12

Out of 97 respondents, 31.9%(31) got the information from TV, 29.9%(29) newspapers, with magazines and realtors following in order. This seems to result from an aggressive use of advertising media by the construction industry. Information acquisition from acquaintances, though acquaintances can't be classified into advertising media, occupies 14.4%(14), showing that the respondents gather information on brands within their relationship networks.

4.3 Emotional Satisfaction with Apartment Brands

As a measurement of emotional satisfaction of the name brand apartment dwellers, the values of brand preference, perceived quality, perceived values, pride, and brand satisfaction are listed as follows.

Table 4. Measurement of Emotional Satisfaction

Factor	Measure items	Mean value (out of scale of seven)
Brand preferences	Would you rather buy a name brand apartment even when the quality is the same and price is higher?	4.65
Perceived quality	Do you think name brand apartment have better quality than generic ones?	4.36
Perceived values	Do you think your apartment ownership values have increased due to its brand name?	4.86
Pride	Do you feel proud since you live in a name brand apartment?	4.54
Brand satisfaction	Do you think your apartment is ecofriendly and future-oriented?	4.10

Out of five factors, perceived values marked the top, which reflects the expected housing price increase. In brand preferences, name brand apartments were preferred to the generic ones. The pride of ownership and perceived quality marked 4.54 and 4.36 respectively. In the brand satisfaction, consumer satisfaction with the ecofriendly, future-oriented apartment strategy which construction industry usually pursues turned out to be 4.10.

4.4 Quality Satisfaction With Apartment Brands

The brand concepts apartment construction industry communicates through advertising media gave weight to environment, convenience, future-orientation, aesthetics, psychology, and status elevation. The following data are collected to assess consumer satisfaction in the area of quality corresponding to the brand concepts.

1) Ecofriendliness and Pleasantness

Table 5. Ecofriendliness and Pleasantness

Items	Mean
1. green area around the complex	4.16
2. noise between floors, vibration, soundproofing	2.95
3. distance between building within complex	3.99
4. natural lighting condition	4.25
5. interior finish material for wellbeing	3.58
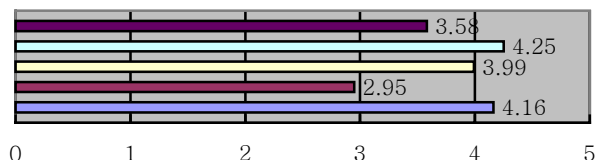
■ 5.interior finish material for wellbeing
☐ 4.natural lighting condition
☐ 3.distance between building within complex
■ 2.noise between floors, vibration, soundprooping
☐ 1.green area around the complex

Figure 3. Ecofriendliness and Pleasantness

Among the items that belong to ecofriendliness, satisfaction with the green area appeared high in comparison with that of existing apartments, but with the items of noise between floors and vibration, rooms for improvement remained.

2) Convenience and Future-orientation

Table 6. Convenience and Future-orientation

Items	Mean
1. convenient traffic	5.47
2. convenient facilities within apartment complex	3.90
3. superexpress internet facility	5.12
4. automated housework	3.91
5. ample storage room	4.20
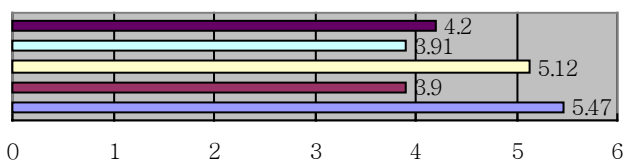
■ 5.ample storage room
☐ 4.automate housework
☐ 3.superexpress internet facility
■ 2.convenient facilities within apartment complex
☐ 1.convenient traffic

Figure 4. Convenience and Future-orientation

Convenience, future-orientation, and internet facility scored high, whereas automated housework or home automation scored low probably because consumers are not yet aware of the correct standards for home automation.

3) Aesthetic and Psychology

Table 7. Aesthetic and Psychology

Items	Mean
1. building exterior and color	4.30
2. landscape within the apartment complex	4.53
3. interior design	4.05
4. surrounding landscape or view	3.82
5. harmonious distribution of interior space	4.15
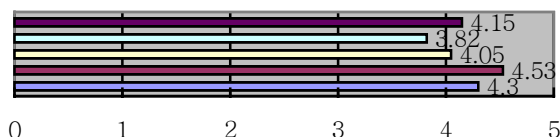
■ 5.harmonious distribution of interior space
☐ 4.surrounding landscape or view
☐ 3.interior design
■ 2.landscape within the apartment complex
☐ 1.building exterior and color

Figure 5. Aesthetic and Psychology

The aesthetic and psychological factors scored considerably over the mean, which implies that the landscape construction within the apartment complex and the selection of building exterior and color in line with the ecofriendly image boost strategy of the construction firms give more than adequate satisfaction to the consumers.

4) Pride and Status Elevation

Table 8. Pride and Status Elevation

Items	Mean
1. choice of interior finish material tailored to individual taste	3.54
2. expression of social status by ownership	4.59
3. classy finish material and interior material	4.03
4. distinctive brand personality of its own	3.87
5. value of apartment ownership	4.70
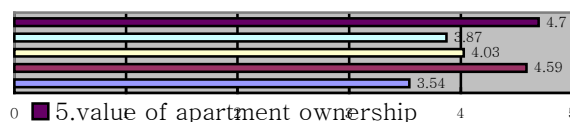
■ 5.value of apartment ownership
☐ 4.distinctive brand personality of its own
☐ 3.classy finish material and interior material
■ 2.expression of socail status by ownership
☐ 1.choice of interior finish material tailored to individual taste

Figure 6. Pride and Status Elevation

In this category, 'choice of interior finish material tailored to individual taste' and 'distinctive brand personality of its own' scored below the mean. This implies that as the name brand apartments increase and the features of every construction firm are getting similar, consumers cannot feel any tangible differences between brands.

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5) Other factors

Table 9. Other Factor

Items	Mean
1. repair and post-purchase service	3.55
2. privacy protection from outsiders	4.43
3. quality satisfaction against price	3.73

In this category, 'repair and post-purchase service' scored lower than the mean. In contrast to the expectations consumers have for the name brand apartments, 'quality satisfaction against price' scored lower than the mean.

5. CONCLUSION

As the concept of brand comes into the mainstream, construction firms exert their influence in the market by the specialized differentiation strategy. While the number of name brand apartments increases, consumers don't seem to notice much differentiation. Moreover, one-time use brand or brand strategy without quality backup can lead to degradation of qualitative growth not only in the construction firms but in the whole housing market. Based on these research results, a desirable branding strategy is presented as follows.

First, the software aspect of brand strategy is needed on top of the hardware aspect. As the survey shows that satisfaction with post-purchase management or service is pretty low, consumers' wants need to be precisely analyzed first, and then reflected in the strategy as a feedback loop.

Second, considering the fact that once a brand is created it gets to have its own effect, creation of a brand for just marketing's sake should be avoided. What's needed is brand marketing which provides differentiation and its own unique culture based on quality backup.

Third, construction firms should escape from superficial brand strategy and establish aggressive total brand management strategy equipped with brand management mechanism. Through these, they need to get out of short-term strategy and explore ways to pursue not only image boost and quality growth of the product and market, but heightened customer satisfaction based on a long-range plan.

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