



NEWS RELEASE

For New Ideas on Customer Obsession, Look to the Original Brick-and-Mortar Industry: Homebuilding

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Most of us think of customer obsession as the territory of the digital age, the result of aggregating online behavior and big data into actionable customer insights. But in the most brick and mortar of businesses — homebuilding — we've been deploying it for decades. In 1996 — back when Amazon was still just another online bookseller and the first iPhone was still more than a decade away — KB Home was the first large builder to deliver a personalized homebuying experience in the new-home market. We reimagined what homebuying could look like and offered our largely first-time homebuyers a luxury they never dreamed of: a home personalized to the way they live.

Homebuilding is in my blood. My parents owned a small building company in Chicago. My mom was an architect and my dad was a builder. I always knew that building homes was what I wanted to do with my life. Today, I'm honored to lead one of the oldest and largest homebuilders in the United States, which has built nearly 640,000 new homes since its founding in 1957. A home is the largest and most emotional purchase that most people make in their lifetimes, a major milestone that embodies their most cherished hopes and goals, and we don't take the trust our customers place in us lightly. Since becoming COO of KB Home in 1999 and then CEO in 2006, my fundamental aim has been to make KB Home the most customer-obsessed homebuilder in the world. My team and I wake up every morning motivated by the privilege of building our customers' dreams and putting the great American aspiration of homeownership in reach for families across our nation. People are our foundation.

The principles of customer obsession apply no matter what business you're in and whether that industry has existed for a hundred years or less than a decade. It's about creating a company culture where the entire team is focused on delivering a compelling, personalized product with unmatched service in order to produce a phenomenal customer experience. Below are the core operating principles that have guided me in my 25 years of relentless customer obsession and which I believe will help any business — online and off — deliver on that promise:

Find out what your customers actually want — not what you think they want.

We begin with data-driven product design based on thousands of extensive surveys of actual recent buyers of both new and resale homes across every market in which we build. We gather detailed information on what mattered most to homeowners when making real-world purchase and tradeoff decisions and use it to gain valuable product development insights. We also gather data from our own homebuyers' product choices and post-sale feedback. We synthesize all of this data to create home designs that reflect what customers say they want most in each geographic market, such as open floor plans that offer flexible living, seamless indoor/outdoor flow, natural light and efficient design that maximizes space.

Offer choice in everything you do.

No two customers are alike, and their homes shouldn't be either. That's why we build choice into every one of our home designs and homebuying process. Our customers can tailor their home to their unique lifestyle, from homesites and floor plans to design options from our KB Home Design Studio, all at a price that fits their budget. Our approach provides the business advantages of economies of scale while also offering a differentiated product and an exceptional buying experience. For example, a single-story, three-bedroom home can be ideal for a young family just starting out that wants to focus their homebuying budget on a dream kitchen and the maximum number of bedrooms. That same home can also be finished with hardwood floors, granite countertops and a high-tech home office for experienced buyers downsizing without compromising their standards. From an operational standpoint, it's essentially the same house. For the homeowners, the two houses are uniquely their own.

Customer obsession and innovation go hand in hand.

Many people confuse customer obsession with customer service, but I see customer service as maintaining the status quo, while customer obsession drives innovation. Spending every day looking through our customers' eyes and building their dreams allows us the leaps of inspiration that true customer obsession can deliver. That's how, nearly 15 years ago, we looked at sustainability — then considered a niche luxury in homebuilding — and saw an opportunity. We could offer customers the ability to support the environment while also reducing the overall cost

of long-term homeownership through lower utility bills. We became the first national homebuilder to build 100% ENERGY STAR® certified new homes and we haven't looked back. Today, we have built more ENERGY STAR certified new homes than any other national homebuilder, delivering a level of advanced energy efficiency and potentially lower utility bills met by only 10% of new homes built in America in 2019. In the years since implementing energy-efficient homebuilding, we also identified an emerging consumer interest in the impact of indoor environments on health and made it a key area of our sustainable building commitment. Today, our homes utilize the latest building science and upgraded air filtration to help our customers breathe easier, and we continue to take a leadership position in our industry on this increasingly important customer priority.

Create collaborative customer relationships.

There's no more personal purchase than a new home. It embodies our aspirations, lifestyle, financial status and hopes for the future. That's why the relationships we form with our homebuyers are the foundation for everything we do and as much a component of our homes as lumber and sheetrock. We're not selling a home; we're selling an exceptional personalized homebuying experience. It's a 360-degree customer experience, and every homebuyer is supported by a dedicated team to see their purchase through and guide them every step of the way during the design and building process.

Don't stop listening to your customers when the sale is done.

A home is the largest purchase most of us make in our lifetimes and the embodiment of many of our dreams. That's why I'm especially proud of our outstanding customer satisfaction scores, with 94% of our new homeowners saying they would recommend KB Home to their friends. We are also the highest ranked national homebuilder on TrustBuilder®, a third-party, industry-specific homeowner review site, earning 4.6 out of 5 stars and achieving or tying for #1 on the site in nearly every one of our markets. We follow up with our customers 30 days after they move in, as well as three, six, 10 and 18 months later, to hear not only about their experience when they first get the keys but also after they settle in and are really living in their new home. We are committed to continuously learning and improving our customer experience, so we don't just want to hear from the person who tells everyone they know how great their new KB home is — we want to hear about the times when we fall short. We are particularly pleased that even as COVID-19 has forced us to find new ways to deliver on our commitments, our customer satisfaction scores have not dipped, reflecting our dedication to partnering with our homebuyers through good times and challenges alike.

Real customer obsession is a commitment to company culture.

We don't just talk about Built on Relationships®, we live it every day. We empower our employee team to put our customers at the center of everything they do. Every team member learns from day one that our job is to make

decisions based on what is best for both the company and the customer, knowing that satisfaction must be earned. Training is essential, as is empowerment. For us, that means giving our team the authority to make on-demand decisions for quick responses. Providing outstanding service for each customer and being flexible in how we handle their experience are crucial elements of our company philosophy, as well as creating an environment where employees feel valued and love to come to work every day because their work has purpose and satisfaction. Creating and sustaining this kind of company culture is an essential piece of the customer obsession equation.

I know better than to predict where the next 25 years of innovation will take our society, but one thing I know is that companies that truly build a brand and culture centered around creating a phenomenal customer experience to deliver a compelling, differentiated product backed by outstanding customer service will be at the forefront of the journey. I begin every day excited to see where that future will lead us.