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Construction Marketing

Strategies for Success

Richard Pettinger

University College London

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Preface

Other than quarrying for the materials that it uses, building and construction is the most primary of all industries. Even where people exist on standards of living very close to the borderline between life and death, some form of shelter and the means of moving around are essential if this pattern of life is to be sustained for any length of time. The industry itself is therefore both global and universal, truly reaching and touching every part of the world and all those people who live in it.

Throughout the world, there are great pressures on the industry. In the West, these concern especially the use of resources; effects on the environment; pressures for conservation, refurbishment and recycling as well as building anew. There are also special pressures – particularly cost – on those who commission publicly funded projects and activities. Enhancing the quality of life and the quality of working life, and all that this implies both for domestic and commercial building, and the infrastructure necessary, is a matter of fierce debate. Pressure groups and vested interests have learned to gain access to and command of the media and have succeeded in both raising the level of general concern and awareness, and in highlighting specific factors relating to particular issues.

Elsewhere in the world there are extensive drives for ‘civilisation’ – in whatever terms that is defined in the given location. In general, it refers to forms of urbanisation, commercialisation and pressures towards consumerism from those who have not hitherto enjoyed their full benefits (real and perceived) and the opportunity that these bring.

These pressures are compounded by ‘the dash for work’ on the part of the largest companies in the industry – the attempt to gain footholds in new markets wherever these can be found. The construction industry in Western Europe and North America was always traditionally domestic – it was almost unthinkable that foreign companies would be invited to bid, tender and contract for work, whether given the opportunity or invited expressly to do so – and certainly not at the behest of government policy or to contract for public projects. In the UK, this was compounded by extensive encroachment by European, Japanese and North American companies into the construction of major projects. More locally, the domestic house building and commercial construction sectors were hit by loss of consumer and client confidence in these markets. This has therefore resulted in turmoil – some have said a crash – in all parts of the industry. Companies have been forced to compete with foreign organisations, as well as domestic alternatives, on their own patch

for the first time. This has occurred at the same time as there has been a radical downturn in public sector investment and the piloting of new initiatives such as the private finance initiative; and whether these will succeed in the future it is far too early to assess.

The companies involved have therefore both added to their own turmoil and also caused the ripples to be felt among smaller, regional and local operations as they have sought work elsewhere. 'Elsewhere' has meant both at home – where in some instances they have sought to force their way into those markets hitherto dominated by smaller domestic or regional operators; and abroad – where they have joined with varying degrees of trepidation, investment and commitment, the trek to the tiger economies of Asia and the emerging markets of the ex-USSR. Others again have sought to open up operations in the established markets of the USA and Australia; others, still, have sought niche opportunities in South Africa and South America.

Whether pursuing work in domestic markets or overseas, construction organisations have had to face the fact that their client groups now have a greater range of choice than ever before as the industry – like so many others – has become global and unprotected. In most, if not all cases, no contracting organisation bids for work unless it is determined to win it. The level of expertise in all those who tender for a given project is certain to be at least adequate. The client is therefore going to make its choice on grounds other than capability. The difference therefore lies in the ability to present the expertise in ways designed to persuade and influence the client to buy from one organisation in preference to others – and this depends to a great extent on the quality and professionalism of marketing.

Marketing is concerned with presenting products, services and expertise as client benefits. These are offered to best advantage so that an enduring and profitable relationship is engaged. Many parts of the industry do this extremely well. For example, building products are offered, both retail and wholesale, in ways familiar to the buyer and at known and accessible points of contact; specific items such as double glazing are offered through a combination of advertising, reputation and direct sales – also very successfully in many cases.

For the rest of the industry, the main problems are attitude and understanding. In previous times, there was always enough work around to ensure that a reasonable share could be undertaken by every company concerned and that this would support good levels of profits. Long-term, steady and stable relationships between contractors and clients were engaged – and this led to the creation of long-term effective relationships. Now, however, all this has changed.

Hitherto, there was always more or less a balance between the contractor and client interests, and this was founded on the knowledge and

certainty that work would always be available. Now the industry is dominated by client groups. There are too many contractors chasing too little work – and these contractors come from all over the world as well as the domestic industry. The result is a downward pressure on price; an upward pressure on quality; an assurance of service; and an upward pressure on the ability to meet deadlines, deal with pressure groups and interests, undertake client liaison and manage any specific local factors such as traffic disruption or domestic and commercial inconvenience while projects are being undertaken. This requires a fundamental shift of understanding on the part of all those responsible for the direction and strategic purpose of construction companies.

Attitude is also all-important. In the past, companies of the industry concentrated on product and technological excellence supported by top quality staff. This remains important; but the difference is that these qualities have to be presented as client benefits given the great range of potential contractors from which clients are able to make their choice. It is necessary, therefore, for the attitude to be shifted from product excellence to service assurance – and this is only possible if those companies involved undertake major initiatives to ensure that they know their clients; know the pressures and drives under which they have to operate; and deliver the product, service excellence and expertise in ways that match client demands.

With this in mind, there is a single lesson that the construction industry needs to learn above all others from marketing in the consumer goods sectors. The most successful consumer goods companies in the world – Sony, Nissan, McDonald, Coca Cola – remain so because as well as ensuring the excellence and constant improvement of their products, **they market**. If they did not market, they would lose market share – and income, sales and profits – to those who continue to do so. The same applies to construction companies. Overseas companies that have made successful entries into UK markets have done so, not because their product or expertise is any better than the domestic industry (it is not); they have done so because they have been able to present their expertise in terms of client benefits and to engage sufficient confidence and trust to be awarded the work. **The difference therefore lies in their marketing capability.**

There are also lessons for the larger companies from smaller operators. It is still perfectly possible to find sole traders, small partnerships and small company jobbing builders who have high and continuing volumes of work. While they will not necessarily think in the precise terms used in this book (indeed, many certainly do not), it is absolutely certain that they will have built a local, enduring and current relationship within their particular area so that work keeps coming in to them. As well as producing work to high quality and standards, this means offering and

delivering high levels of service and convenience, friendliness, confidence and reassurance – and all this means that their particular clients choose them above others.

The outcome of all of this is the need for the construction industry as a whole to bring itself up to the marketing standards of those who do it well; and to learn to apply the principles of successful commercial activity that are operated so effectively elsewhere, so that the best possible chance of securing work is achieved. And for those who say that the construction industry is unique – they are right, it is. So is every other industry. And, as for every other industry, marketing for building and construction means understanding and adopting the principles of marketing and applying them to your own particular circumstances. That is the purpose of this book.

Chapter 1 is an introduction to the principles and practices of marketing: what marketing is; what marketing is not; and forms the basis on which the marketing attitude and approach are adopted. Chapter 2 considers the customers' and clients' needs, wants and perceptions: the key elements of confidence and satisfaction; and more specific needs such as the ability to deliver on price (for public contracts) and quality (where price is not the main consideration). Chapter 3 is concerned with strategy – this is often mistaken for remote, corporate, head office activities; the reality is very different, although it is necessary to have a clear purpose in mind if this is to be supported with effective marketing activities.

Chapters 4, 5, 6 and 7 consider, in turn, the key marketing activities of product, price, place and promotion. Often referred to as the 4Ps or the marketing mix, it is the combination of each in particular circumstances and with particular customers and clients that provides the basis for choice. Each is therefore considered in some detail. Extensive reference is also made to the concepts of 'service marketing' – in which construction is seen as service delivery as well as product excellence; and 'relationship marketing' – because of the importance of the direct contact between contractor and client, the professionalism necessary, and the ability to deal with clients who are not construction experts as well as pressure groups, vested interests and other lobbies.

Chapter 8 is concerned with the need for information on the markets and client bases whom it is intended to serve. Chapter 9 then draws on examples where successful marketing is being carried out within the construction industry and the lessons that can be drawn for the rest of the sector for the future. It also looks in more detail at the need for attitude and understanding shift.

The book is aimed primarily at undergraduate and postgraduate students on building, construction, surveying, civil engineering and construction management courses. Many of these courses do now have marketing elements. Where these elements are present, this book is a

key text. Where they are not, the book is nevertheless an essential reader in filling this particular gap.

The book will also be of value to those following professional membership routes – for example, of the Institution of Civil Engineers, the Chartered Institute of Building, Royal Institute of British Architects, Royal Town Planning Institute and the Royal Institution of Chartered Surveyors. It will be of great value to those learning the consultancy business – especially for those who may be required to work in overseas or unfamiliar markets at short notice.

It will also be of value to those already working in the industry, many of whom still do not understand why they continue to have to compete harder for an ever-diminishing volume of work or the range of steps that could be taken to ensure greater volumes of work: greater strike rates in terms of ‘number of tenders per contract awarded’; and some of the pitfalls (as well as opportunities) associated with moving into new areas of activity and overseas markets.

University College London, 1997

RICHARD PETTINGER

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This project was originally conceived because there was no core text available for the marketing elements of the BSc Construction Management course at University College London. Subsequently, it was extended further because there was also no core text available for the marketing elements of specialist postgraduate taught Masters programmes in construction management, civil engineering management and facilities and environment management.

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