

## Marketing Management in the International Construction Marketplace

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Marketing Management is an essential topic given the highly competitive environment faced by contractors in the construction industry today. Many contractors are concerned with international development, and therefore need to analyze the market opportunities and develop appropriate business strategies. The authors believe that Marketing Management can help contractors to become more internationally competitive.

### 1. Introduction

This paper seeks to define in general terms what Marketing Management is and to consider its value to international construction contractors. A series of queries may well be raised because many non-marketing specialists are unfamiliar with Marketing Management. Typical queries might be what is it, why is it important, can it apply in the construction industry, what are the prime differences between the consumer and construction industries, how can we conduct it in construction, and what will it change? The answers to these queries are given below and the authors conclude that it will be found to be a useful management tool for making companies more internationally competitive.

### 2. What is Marketing Management?

Although Marketing Management consists of many different marketing plans and programs, only the definition is described here to give a basic idea of what it is. The **American Marketing Association**<sup>1)</sup> defines Marketing Management as “the process of planning and executing the conception, pricing, promotion, and distribution of ideas, goods, and services to create exchanges that satisfy individuals and goals.” **Cook**<sup>2)</sup> briefly defines Marketing as “the ability to create and keep profitable customers”. Contractors need to improve their marketing ability to enable them to be competitive whilst still making a profit.

### 3. Why is Marketing Management important?

**Jobber**<sup>3)</sup> pointed out that companies such as Sony, Toyota, etc. conduct marketing and ensure the excellence and constant improvement of their products. They have recognized that they need to conduct marketing activities to maintain their market share, sales and profits. **Hand**<sup>4)</sup> said that the necessity of construction marketing was that, “in the old days, you didn’t have to do much marketing because a well known name and a good estimating department was basically all that was required to win international construction work. Nowadays, if you don’t get the marketing right you don’t get the job!”. **Cohen**<sup>5)</sup> stated that “marketing strategy is of particular importance because it is the link between operational actions accomplished by a firm’s marketers and overall corporate strategy”.

### 4. Can Marketing Management apply to the construction industry?

**Fisher**<sup>6)</sup> observes “although some marketing activities are obviously carried out by the better contractors, they are usually carried out in a piecemeal way”. He further observes that seriously planned marketing activities have not traditionally been widely used in the construction industry. His opinion implies that if contractors employed Marketing Management properly, there would be a likelihood of them being more competitive. So is it possible for Marketing Management methods originally developed in the consumer industry, to be applied to the construction industry? **Keegan**<sup>7)</sup> helpfully stated that “the first and most fundamental fact about marketing is that it is a universal discipline. The market discipline is equally applicable to any industry and country.

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Although marketing is universal, the markets and customers are quite differentiated.” The market differences mean that methods of marketing in a particular market are not therefore always directly applicable to another market without first making adaptations.

## 5. What are the relevant differences between the markets of consumer and construction industries?

**Pettinger**<sup>8)</sup> summarizes the comparison of consumer and construction industry market (Table 1). It can be seen that their buying behaviors are quite different.

Table-1 The comparison of consumer and construction industries

<b>Consumer Industry</b> (Coffee, Cars, Clothes, etc.)	<b>Construction industry</b> (Buildings, Bridges, Roads, etc.)
Many buyers with Cash/Credit	Few buyers with Capital
No/low investment, small purchases	High investment, large purchases
Low responsibility	High responsibility
Frequent purchases, Instant purchases	Infrequent purchases, Long lead time to purchase
Individual benefits and satisfaction	Social, long term benefits
Short useful life, non-reusable	Extensive useful life, refurbishable
Easily disposable, easily replaceable	Not easily disposable, difficult to replace
Loose supplier-customer relationship	Close contractor-client relationship
Transient supplier-customer relationship	Professional contractor-client relationship
Satisfaction comes from immediate usage	Satisfaction comes from subsequent usage

## 6. How can we conduct Marketing Management in the international construction marketplace?

Few would dispute that marketing is essential for all successful business, so how then can it be conducted in the international construction marketplace? An important task is to recognize the extent to which marketing plans and programs can be extended, as well as the extent to which they must be adapted. **Okamoto and Preece**<sup>9)</sup> proposed a systematic procedure as one of Marketing Management's tools, to illustrate the formation of each stage of marketing activity for international construction marketing. The procedure provides a guideline and can be used as a checklist through the various marketing activities. Useful methods for contractors are to gain strategically important information about an organization's own strengths and weaknesses, who competitors are and their tactics, strengths and weaknesses, their clients unique needs and requirements, existing and new market sectors, areas of profitable business growth, and the business environment in which the company operates.

## 7. What will Marketing Management change?

Marketing Management will make contractors more internationally competitive at this time of highly competitive international tenders by helping to minimize contingency allowances in tender prices. As a consequence, tender prices will be more competitive and tenders will be more likely to be successful whilst maintaining a sufficient level of profit.

## 8. Conclusion

Marketing Management is an essential topic given the highly competitive environment in the construction industry today. Although marketing is universal, the unique nature of the construction industry requires special adaptations to be made to methods of marketing formulated for other industries. Further study is essential.

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