

Factors Affecting Marketing Success for Construction Companies in the Housing Sector

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Abstract

Marketing is a critical issue to success in today's increasingly competitive business environment. A company's growth and success can be strongly influenced by marketing practices. The aim of this study is to investigate the critical factors affecting marketing success of construction companies in the housing sector. Within this context, a survey was carried out among 40 Turkish local construction companies that are operating in the housing sector. In this survey, top-level managers and owners of the companies were interviewed. The majority of the interviewees were the owners of these companies. The interviews were performed between January and March 2008. In the study, the survey questionnaire was administered during face-to-face interviews. The factors considered in this study were identified based on a literature review. Then, a total of six possible factors that were felt to have an effect on successful marketing for construction companies in Turkey were determined. Finally, the ranking of the critical factors has been determined by using the Simple Multi Attribute Rating Technique (SMART). Based on the results, company image and customer satisfaction were determined as highly vital factors for successful marketing in construction business.

Keywords

Housing sector, Marketing in construction, Success factors

1. Introduction

Marketing is an important function for the success of companies. Effective marketing plays an important role in the overall success of companies and is critical for any business to grow in the competitive business environment. Developing marketing strategies can provide significant advantages for companies over their competitors. However, as Cicmil and Nicholson (1998) stated, many companies do not realize its true worth until it is too late to change.

There have been many and varying definitions of marketing. According to Kotler and Armstrong (2005) marketing is "a social and managerial process by which individuals and groups obtain what they need and want through creating and exchanging value with others". Boone and Kurtz (1998) defined marketing as "the process of planning and executing the conception, pricing, promotion, and distribution of ideas, goods, services, organizations, and events to create and maintain relationships that will satisfy individual and organizational objectives". Moreover, Yisa *et al.* (1996) describes the concept of marketing as "focusing the activities of all departments of a company on the needs of the customer, and then organizing the company's resources to identify and satisfy those needs profitably".

The subject of marketing has received more attention in the construction field over recent years (Winter and Preece, 2000) and many firms realized the importance of marketing in this industry (Arditi and Davis,

1988). However, there are many studies showing that construction firms are slow in adopting marketing principles and marketing is not integrated into the structure of the firms (Winter and Preece, 2000; Bennett, 2005; Yisa *et al.*, 1996; Cicmil and Nicholson, 1998).

Ganah *et al.* (2008) investigated marketing strategies in the construction industry and the challenges facing small to medium enterprises in the development of these strategies. They found that there is a lack of understanding of construction marketing and strategies within small to medium enterprises in the construction industry. They also found that the strategy for marketing is non-existent in most instances.

Many other studies have investigated the concept of marketing in the construction industry. Jaafar *et al.* (2008) investigated the marketing practices of engineering consulting firms that concentrated on housing development sector in Malaysia. According to their analysis, many civil and structural consultancy firms had neither marketing departments nor employees specifically responsible for marketing and most of the marketing functions of these firms were implemented by either their directors or business partners. Similarly, Winter and Preece (2000) found that marketing activities in many companies are undertaken by upper management and their directors. Morgan (1990) also found that very few firms have their own marketing departments.

Yisa *et al.* (1996) proposed a framework for improving the effectiveness of the marketing function within the construction enterprises. This framework represents a practical approach for formulating, implementing and evaluating corporate marketing programmes. Dikmen *et al.* (2005) examined the marketing perception and attitude of Turkish contractors against marketing. They found that marketing capability was not seen as a strategic success factor by the majority of the contractors.

Campbell (2008) pointed out that construction marketing in the 21st century is about better organization and the use of influence through new approaches, namely technology and the media. He also stated that those who accept this fundamental shift will be better off in the short and long-term to compete well into the future.

2. Housing Sector in Turkey

The construction industry is one of the major industries in Turkey. It represents approximately 6% of Turkey's Gross National Product (GNP). Currently, many Turkish contractors have been operating within the international market. They have carried out \$75 billion worth of projects internationally so far (Turkish Contractors Association, 2008). The majority of them have been operating in the Russian Federation, Middle East Republics, Northern Africa and Far East regions. Turkish contracting services can be divided into two parts as lower-quality domestic-only set of firms and the higher quality international firms. There are more than 30,000 active local firms and approximately 130 firms operating internationally. Additionally, there are about 70,000 companies that are not registered but constitute the informal construction industry and most of them carry out small and irregular projects (Katsarakis *et al.*, 2007).

The housing sector is one of the key parts of an economy. It affects the overall soundness of the financial sector (Shen and Dong, 2000). The housing sector in Turkey has grown rapidly over the past years. Investment in housing increased substantially after 1980. However, in the late 90s the sector experienced a severe recession due to macroeconomic problems and the economic crisis in Turkey in 2001 constituted the lowest point of the housing sector (Turhan, 2008).

Eryigit (2008) summarized the characteristics of housing units in Turkey as follows:

- The stocks of housing units in Turkey are average or poor quality.

- Poor quality housing units are continuing to add to the current housing stock.
- The legislation, norm and housing standards in Turkey are incomplete or out of date.

The Association of Real Estate Investment Companies (2008) expects 6 million new homes to be built in Turkey by 2016. Therefore, more than 600,000 new housing units are required to be built each year. The Housing Development Administration (TOKI) contributes considerably to the housing supply in Turkey by constructing and selling homes (Turhan, 2008). However, the market slows down due to the financial crisis in the global economy.

3. Research Methodology

The aim of this study is to investigate the critical factors affecting marketing success of construction companies in the housing sector. Within this context, a survey was carried out among 40 Turkish construction companies that are located in the North-West region of Turkey and operate in the housing sector. Construction firms registered with the Chamber of Commerce of this region were considered in the study. In this survey, semi-structured interviews were carried out among top-level managers and owners of the companies. The majority of the interviewees were the owners of these companies. Top-level managers and owners were selected for the interviews because they are assumed to have enough knowledge about the organizational structure, culture and strategies. The interviews were performed between January and March 2008 and each lasted approximately 1 hr.

The survey questionnaire was administered during face-to-face interviews and it consisted of 21 questions including both closed and open-ended questions. It is divided into two main sections. Section 1 covered general information about the companies. Section 2 dealt with factors affecting marketing success. Although survey results reflect the opinions of experts from 40 firms, it is believed that they can give an idea about the critical factors leading to marketing success in the Turkish construction industry.

The factors considered in the study were identified based on a literature review. A total of 6 possible factors that were felt to have an effect on the marketing success of companies in Turkey were determined. These main factors are company experience, target customer audience, marketing department, marketing activities, management support and housing finance condition. Similarly, the sub-factors of these main factors were determined and the importance weights of them are calculated according to the responses.

SMART is used to determine the ranking of the critical factors. This technique is originally introduced by Edwards (1971). It is an extension of direct rating techniques. In SMART, ratings of alternatives are assigned directly. The decision maker is asked to rank each of the attributes, assigning the first ranked attribute to a score of 100. Then the performance values with relative weights for all attributes are determined and a utility value for each alternative is calculated. One of the limitations of this technique is that it ignores the interrelationships between parameters.

4. Study Findings

The respondents were asked to evaluate the importance level of the main factors leading to marketing success. Table 1 shows the ranking of the factors according to their average scores and importance as perceived by the respondents. Company experience, target customer audience, marketing department and marketing activities were considered as the most important factors to marketing success, respectively.

According to the evaluation of the sub-factors of company experience, company image was considered as the most important success factor (Table 2). Some of the owners of the companies highlighted the importance of the experience in the housing sector and the quality of their products. Thus, company

image seems to be a vital issue in the marketing success. Company age was determined as the following important factor.

Table 1: Main Factors to Marketing Success

Factors	Score	Weight
Company experience	82	0.1734
Target customer audience	82	0.1734
Marketing department	80	0.1691
Marketing activities	79	0.1670
Management support	76	0.1607
Housing finance condition	74	0.1564

Table 2: Factors of Company Experience

Factors	Score	Importance Weight
Company image	88	0.0608
Company age	82	0.0566
Company's annual business volume	81	0.0560
Total		0.1734

The majority of the respondents considered customer satisfaction as the most important sub-factor of target customer audience as might be expected (Table 3). This result is in line with the findings of the study of Dikmen *et al.* (2005). They determined that the companies focusing on housing projects for the private sector have more developed marketing perception and utilize marketing functions more effectively. Therefore, these companies can focus more on satisfying customer needs.

Table 3: Factors of Target Customer Audience

Factors	Score	Importance Weight
Customer satisfaction	85	0.0877
Type of customer	83	0.0857
Total		0.1734

In this study, marketing department was found as one of the main important factors to marketing success (Table 4). Having a marketing department was considered as the most important sub-factor. In this study, it was found that more than half of the companies surveyed have a marketing department. It was found that the marketing departments had been established within the last 10 years in the majority of these firms.

Motivation and having qualified personnel in the marketing department is also critical for marketing success and this factor was also found as important as might be expected. The study of Dikmen and Birgonul (2003) also showed that motivated personnel can improve marketing capability. Age of the marketing department was determined as the following important factor. In this study, a relationship between company age and marketing department age was observed. It was found that as the company age increases the age of the marketing department also increases.

According to the results, marketing activities play also an important role in marketing success. Using communication tools was considered as the most important factor (Table 5). Communication tools include e-mail, newspapers, journals, advertising boards, television, internet and brochures. According to the

responses, e-mail, newspapers/journals and advertising boards were determined as the most used communication tools, respectively. Kotler (1999) defined advertising as any paid form of non-personal presentation and promotion of ideas, goods, or services by an identified sponsor. Yisa et al. (1996) stated that the decision of the most appropriate marketing activities for a company depends on the managers' judgement, skill, the market segment and audience. Marketing planning and research were also considered as highly essential activities for success.

Table 4: Factors of Marketing Department

Factors	Score	Importance Weight
Having a marketing department	80	0.0358
Qualified personnel in the marketing department	79	0.0353
Age of marketing department	77	0.0345
Number of people in the marketing department	74	0.0331
Existence of an independent sales department	68	0.0304
Total		0.1691

Table 5: Factors of Marketing Activities

Factors	Score	Importance Weight
Communication tools / Advertising	82	0.0433
Marketing planning	81	0.0428
Marketing research	78	0.0412
Public relations	75	0.0397
Total		0.1670

Management support was determined as less important than might be expected. Based on the analysis of the sub-factors of management support, the most important factor was found as the marketing perception of the company (Table 6). The majority of the respondents indicated that top management should have a well-developed marketing perception. On the other hand, many interviewees also highlighted the nature of the organizational culture. They stated that it can either improve marketing activities or can be a significant barrier in marketing success. Richardson (1996) also stated that the resistance of change can be the most important barrier in an organization for marketing activities.

Table 6: Factors of Management Support

Factors	Score	Importance Weight
Marketing perception	75	0.0558
Organizational culture	73	0.0506
Training	68	0.0543
Total		0.1607

The respondents were asked to evaluate the sub-factors of housing finance condition. Based on the responses, the most important factor was identified as housing loans (Table 7). According to Eryigit (2008), construction and its related sectors will be affected positively by the housing finance system. The

majority of the respondents highlighted the current financial conditions of the country and indicated that the housing loan systems can significantly affect their marketing success.

Table 7: Factors of Housing Finance Condition

Factors	Score	Importance Weight
Housing loans	87	0.0419
Housing finance systems	85	0.0409
Credit availability	79	0.0380
Financial capability	74	0.0356
Total		0.1564

5. Conclusions

This study presented the survey carried out among Turkish construction companies that operate in the housing sector. The critical factors leading marketing success for construction companies have been investigated through interviews among top-level managers and owners of the companies. According to the results company experience, target customer audience, marketing department and marketing activities were identified as the most important main success factors.

Customer satisfaction was perceived to be the most important factor resulting in marketing success when considering the importance weights of the factors. According to the literature review, this result might be expected since the companies surveyed have been operating on the housing sector and these companies can have a more developed marketing perception. Thus, these companies can focus more on satisfying customer needs. Moreover, it was interesting to note that management support was determined as less important than might be expected.

The findings from the study should be interpreted with caution since the research was limited with only 40 firms. Future researches involving managers/owners of top construction contractors can provide a comparison of the results of studies conducted in other countries.

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