



Characteristics of the Construction Industry from the Marketing Viewpoint: Challenges and Solutions

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Abstract

Marketing management plays a crucial role in successful companies. However, marketing has been either misunderstood or entirely neglected in numerous construction companies because it is difficult to apply conventional marketing strategies due to specific characteristics of the industry. This study systematically investigates the characteristics of the construction industry and their effects on marketing management. A systematic literature review covering scientific papers from 1995 to 2015 (556 scientific papers) identifies 16 characteristics, which are organized into two main categories—the construction industry and construction product-related industry. 'Fragmentation' was the most highlighted characteristic.

A total of 10 identified characteristics, according to the experts' opinions gathered through the questionnaire, may affect the construction marketing, of which "competitive bidding mechanism" and "project-based nature of the industry" have the greatest effect. Through a combination of literature review and focus group study, the challenges resulting from each of these 10 particularities regarding various dimensions of marketing are examined and practical solutions are suggested for overcoming these challenges. The main suggestion is the modification of the traditional marketing mix (4Ps) by eliminating "place" and adding four elements—profile, pooling, phase, and presenter. Therefore, a tailored marketing mix for construction companies is developed, with seven elements (7Ps). Moreover, marketing research and marketing intelligence systems are vital marketing tools for construction companies and should allocate adequate resources and responsible staffing levels for these activities.

Keywords: Construction Industry; Marketing Management; Marketing Mix; Construction Characteristics; Focus Group.

1. Introduction

The construction industry plays a significant role in the economic growth and development of all countries. The construction environment is characterized by a high level of competition, complex operations, high-risk conditions, and well-informed clients [1, 2]. The competitive bidding system in the construction industry—often based on the lowest price—leads to a high bargaining power of the clients. Furthermore, construction firms are generally unable to induce demand for their services and must participate in a bidding process to generate new projects [3].

These circumstances result in a high rate of business failure in the construction industry—greater than that of numerous other industries in recent decades [4, 5].

Because of these difficult conditions, construction companies must find methods to survive and maintain a steady workflow. In this context, marketing may create a sustainable competitive advantage, contribute to continuous growth and help increase the bargaining power in biddings and negotiations [6].

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