

# Human Factor Related Challenges of Marketing Construction Business Enterprise

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**Abstract.** Marketing is acknowledged as a necessary business management function but its application in construction is intensely hindered by some human factors in the construction industry. The paper is aimed at identifying the specific human factors in the construction industry that hinder marketing adoption and implementation in construction and to initiate further debate on this important but Cinderella subject. It uses literature review as a method to identify, summarize, synthesize and show the gaps in the existing research knowledge on human factors affecting Marketing Performance (MP) of Construction Businesses (CB). Factors such as marketing skills, manpower, attitude towards and conception of marketing hinders greatly on MP of CB. Construction marketing researchers must focus attention on the human factors that affect construction marketing. Educational consultants, curriculum developers and training institutions will find the paper useful in revising existing curriculum to reflect current trends in the management of construction business enterprise.

**Keywords:** business management . construction . human factors . marketing

## 1 Introduction

The enormity of changes and the intensity of competition in the construction industry today compel enterprises operating in the construction industry environment to adopt the right management function relevant in dealing with these challenges [34] and marketing stands out in this regard. Construction enterprises today, are aware of the importance of involving marketing in their management functions as a way to adapt themselves not only to the continuous changes in the industry, but also to satisfy their

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clients' demands, while being competitive and improving their business strategy [20]. Notwithstanding this awareness, many researchers report of overwhelmingly low utilization of marketing in the management of construction business enterprises in the construction industry [15] [19] [16] [27] [25] [30]. An examination of what marketing is and the processes for its implementation in a business reveals the indispensable role of the human factor inputs, if successful performance can be achieved.

Marketing is a subject of many definitions articulated by different authors to suit different circumstances [35]. For instance, marketing is defined as the competitive process by which goods and services are offered for consumption at a profit [26]. Marketing is described by [9] as "the management function that organizes and directs all those business activities involved in assessing and converting customer purchasing power into effective demand for a specific product or service, and in moving the project or service to the final customer or user so as to achieve the profit target or other objectives set by the company". Marketing was defined by [14] in terms of human activity directed at satisfying needs and wants through exchange, and [21] saw it as discovering what customers want and orienting the firm to satisfying those wants. A simplified definition of marketing is given by [31] as 'the concept of matching services to wants in the market place'.

The definition of marketing put forward by the Chartered Institute of Marketing (CIM) is that: Marketing is a management process responsible for identifying, anticipating and satisfying customer requirements profitably [3]. This definition highlights the 'management process' which involves the way in which the firm operates, by 'identifying, anticipating and satisfying customer requirements', as very important and also places the focus clearly on customer needs. Operating 'profitably', is necessary for the organization to remain in business to satisfy its customer's needs [24]. In addition, when considering 'customer satisfaction', it is also important to recognize this gaining of credibility and the building of a long-term relationship with the client, must be the primary concern of all staff [26]

Marketing management function in a business enterprise involves the practical application of marketing techniques and the management of a firm's marketing resources and activities [14]. The application of marketing techniques and the management of firms' resources certainly cannot be done without human factor inputs such as manpower, skills among others. The human factor inputs are further conspicuous in the four main steps in marketing management process, which are; (1) understanding the marketplace and customer needs and wants, (2) designing a customer-driven marketing strategy, (3) constructing a marketing program that delivers superior value and building profitable relationships, creating customer delight, and (4) capturing value from customers to create profits and customer equity [13].

The basic philosophy underpinning marketing is creation and/or retention of customers and improvement in business performance. As such it basically focuses on customer needs and wants [22] [5]. Due to that, the starting point in marketing management process is to 'understand the marketplace and the customer needs and wants'. This stage involves a continuous marketing research and analysis activities, which mainly focus on analyzing business opportunities in the market, collecting information about potential customers, competitors and the marketing environment, and then analyzing the company's strengths and weaknesses [28].

Marketing intelligence and information generated from the first stage of the marketing management process is used ‘design a customer-driven marketing strategy’. In this stage, a company divides the market into major segments, selects the target market that the company can best serve, and develops differentiating and positioning strategy for the target market [28].

At this stage the enterprise ‘constructs a marketing program that delivers superior value and builds profitable relationships, creating customer delight’. A marketing program should include decisions on marketing resources necessary to achieve marketing objectives and marketing techniques to be used to pursue marketing objectives in the target market. This stage focuses on how to best implement the chosen strategy [28].

Implementing the marketing program and building strong relationships with customers and marketing partners a company should ‘capture value from customers to create profits and customer equity’. Marketing manager’s responsibility is to constantly measure progress against marketing objectives in order to ensure that the implementation of marketing programs achieves the desired marketing objectives in a cost-efficient manner [28]. A variety of metrics, such as customer metrics (e.g., customer loyalty/satisfaction, brand image, etc.), market metrics (e.g., market share, sales volume, etc.), financial metrics (e.g., sales value, profits, etc.), etc., can be used to measure marketing performance [14] [13].

The four stages of the marketing management processes discussed had demonstrated the need for human factor inputs. The rest of the article is examines and explicates the human related factors in construction industry, that continues to challenge the marketing of construction business enterprises. Discussions on how the factors can be overcome are elucidated.

## **2 Human Factors and Construction Marketing Research**

The paucity of literature available on construction and the intermittent nature of their occurrence have been remarked on by many others [7] [29] [36]. Development of marketing research in construction from 1970 until 2009 is shown in figure 1. Before 1995, the number of papers was very few and intermittent. After this year, an increased interest is evident: 50 % of the papers were published in the last decade. Figure 1 further indicates renewed interest of researchers in construction marketing. Despite this effort, there still exist challenges with the implementation of marketing in the management of construction business. These indications suggest that existing research findings may not be directly relevant in dealing with the existing marketing challenges in construction. Principal among these challenges is the human related factors of construction that affects marketing of construction business. Marketing being a management function means that human factor is critical to its implementation. The effectiveness of the implementation is largely affected by the manpower, skills and expertise required.

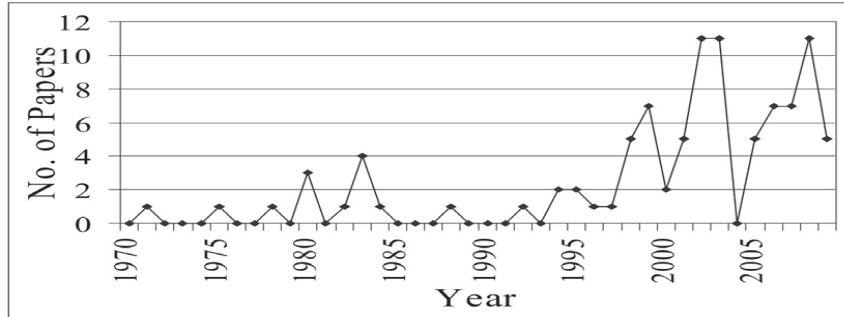


Figure 1: Developments in construction marketing research  
Adopted from [20]

These arguments point out that the human factors involved in the process are indispensable if success can be achieved in this effort. However, the stark reality is that this aspect of construction marketing is scarcely researched. Figure 2 gives the aspects of construction marketing mostly investigated by researchers. The trend shows that the human factors are the least researched aspect of construction marketing in all construction marketing research over the period spanning 1970 until 2009 [20]. The research by [20] used a collection of papers in five databases. The databases comprised of Web of Science (ISI), Business Source Premier (EBSCO), and Engineering Village (EV), which includes Compendex, Inspec, and Referex. The reasons for the choice of the databases, according to [20] were ‘because they are scientific, international, and related with engineering and business topics’.

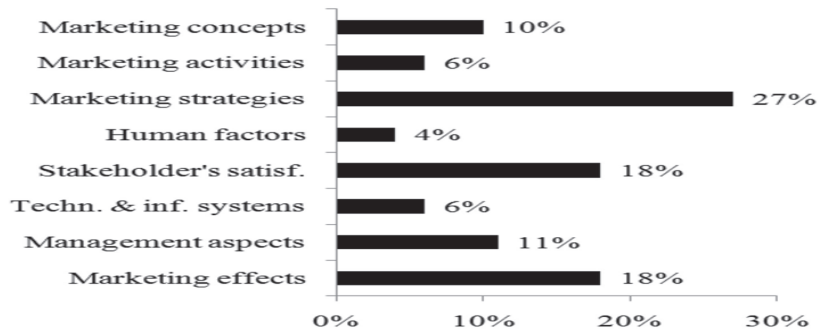


Figure 2: Marketing aspects researched  
Adopted from [20]

### **3 METHODOLOGY**

The study was conducted through a literature search and subsequent process and analysis of the papers found. The study includes a review of the well-known texts and most cited publications in referred journals but limited to papers that relates issues involving human factors in the marketing of construction businesses. In view of the low numbers of texts and literature on the subject of construction marketing, the search for literature was not restricted to any particular journal or group of journals. Electronic databases were used since such platform hosts a collection of texts and therefore provides a wide coverage of texts than does individual journals. The electronic databases used includes Google scholar, EBSCOHost and Science Direct.

The procedures adopted for retrieving papers related to human factor challenges in construction marketing were as follows:

1. The titles, keywords, and abstracts were scanned with the keywords. Several papers emerged that contained at least one of the keywords. The papers included articles that which focus on construction marketing, closely related papers and less related papers.
2. A review of the abstracts of these papers was conducted to filter out the less related papers. This was achieved by means of choosing technical papers and reviews, removing duplicate articles, and eliminating papers which were not strongly related with the topic of the study.
3. All the remaining papers were read, analysed and several descriptive words were identified. The sections that related to human factor challenges to construction marketing were extracted for further analysis.
4. Finally the human factor related challenges in literature were classified according their unique characteristics that are common to all.

### **4 HUMAN FACTOR RELATED CHALLENGES OF CONSTRUCTION BUSINESS MARKETING**

Marketing as a management function requires human effort to see its implementation. The human factor component is critical as the success or otherwise of the implementation is solely dependent on the performance of the human factor involved in terms of their skills, knowledge among others. Such human factors can be examined in the context of the following.

#### **4.1 Reluctance to adoption and integration of marketing in construction businesses**

In the view of [27] marketing has attracted only little attention among construction contractors and professionals alike. As noted by [17], the construction industry has been slow in adopting marketing principle. This, according to [19] is due to the fact that marketing is still a new phenomenon viewed with scepticism. This indicates that the human factor involved in construction do not willingly see the need for marketing

in the management of their business. Even if they say the need, there exists some unwillingness towards its acceptance.

Many studies have shown that construction firms' aside being slow in adopting marketing principles, marketing when adopted is not integrated into the structure of construction firms operations [33] [2] [36] [4]. It appears the people involved in the management of construction businesses lacks knowledge about how marketing can be integrated in their business structure and therefore unwilling to accept it.

#### **4.2 Misconceptions and misperceptions and lack of understanding about marketing in construction**

Other studies have reported existence of many deeply held misconceptions or misperceptions or misunderstandings about the appropriateness and value of general management skills and marketing skills in particular, in the construction industry [7] [29]. According to [7] the result of this is that, construction firm owners do not seem to be aware of the economic payoff to be derived from the appropriate use of modern management systems and are, as a consequence, unwilling to incur the cost of operating these systems on their construction projects. Although marketing is a much larger idea than selling, professional firms show little interest in it because they equate it to selling which the professional body place ban against.

Similarly [7] found that to a large number of firms marketing is seen as synonymous with selling. This in the view [36] can be attributed to ignorance or misunderstanding of the concept of marketing in the industry. Similarly [6] described equating marketing to selling as one of the misconceptions about marketing in the industry. This in the view of [36] can be attributed to the fact that literature on marketing in construction is sparse, suggesting that the industry's professionals are being educated without a systematic study of marketing which is an important aspect of management. It is obvious that this has resulted in the reluctance to the adoption and implementation of marketing in the construction industry.

It was noted by [1] of the existence of a wide misconception/perception that only clients can create demand for work, and that the firm themselves are not capable of doing so. Other researchers also argue that the industry is not capable of being planned, citing the dynamic environment as a reason that prevents any long and medium term planning [15] [23]. It was indicated by [25] that some consulting firms are still struggling to understand and implement effective marketing programmes. It has been stated [19] that marketing is less developed in the construction industry and often performed in most firms in an *ad hoc* basis. These assertions buttress the argument that management members in construction have not yet grasped the true meaning of marketing. The low utilization of marketing in construction can therefore be attributed to this lack of understanding of marketing.

#### **4.3 The beliefs in the construction industry**

It is noted by [8] that the construction firms in the past have not met with difficulties in obtaining the required level of works to maintain survival and profit. So they rely on their reputation and quality of their work to continue winning new order. This prevents them from recognizing the essence of marketing. It was pointed out by [23]

that the most popular belief in the industry is that, the most important part of the organization is the production side. The result according to [36] is that the professionals look for opportunities that fit their capabilities rather than adapting their capabilities to suit current and future market opportunities.

The effect of this belief is that the construction businesses do not make any conscious effort in seeking out new clients or moving into new, less crowded businesses environments. As a result construction businesses may have no need for marketing.

#### **4.4 Lack of In-House Marketing Expertise**

The findings of [36] revealed that, in a larger percentage of firms marketing is managed by a partner/director/senior manager, in addition to other responsibilities. As indicated by [36], the percentages as 95%, 80% and 22% for architects, engineers and contractors respectively. This indicates a lack of importance placed on marketing and as a result, no expert is employed to oversee it, rather it is added to the responsibilities of others who may even have no knowledge about it. The lack of in-house marketing expertise can also be attributed to the issue of low consultation fees that reduces the firms' revenue thereby making it difficult for the firms to pay for the services of a marketing expert. Whatever the reason might be, given the responsibility for marketing to an in house personnel will not yield any reasonable results. The in-house personnel is reluctant to accepting marketing, do not understand marketing, lacks knowledge on how to integrate marketing in the business structure of construction, holds on to a believes that makes him think that marketing is not needed in construction.

#### **4.5 Engineers Paradigm**

According to [6] the presence of cultural barriers in the industry is a resistance to marketing oriented approach to management of in the industry. Similarly, [32] observe that management practices are dominated by the engineers' paradigm which has resulted in the limited use of market-driven strategic management. With engineers dominating the management of construction businesses means that their beliefs largely influences their management practices. Their belief is that the most important part of the business is production but management of which marketing is a key component. As a result much attention is paid to production efficiency and quality of services than any the management related issues. This in the view of [29] is a hurdle that needs to be overcome if marketing can be adopted and implemented in the effectively the construction industry.

#### **4.6 Marketing Resource Constraint**

From [36] estimation, resources for managing marketing in an organization can be categorized into manpower, skills and budget. The adequacy of these resources can guarantee a successful marketing program in the industry. However, because of the low consultation fees charged [10] the firms are not able to allocate adequate funds to

support marketing activities. Much attention is paid to the production side [23] than the management side of which marketing is key [6]. Less resources in terms of manpower is assigned to the management of marketing as most firms do not even have marketing department let alone men to manage such departments [36].

The limited budget prevents the firm from sourcing the services of external marketing experts. This is because the available funds are used to cover operating costs and production related issues such as supervision [10] that are considered as most important part of the firm [36]. Regarding the skills in terms of marketing skills the professionals are handicapped because their education and training are geared towards production of highly scientifically trained profession with little or no management training [9] because the professionals believe that the important part of the organization is the production side but not the management side [23] of which marketing is an important tool.

#### **4.7 Effect on Construction Business Marketing Practices**

This has resulted in the preference for minimal marketing in the construction industry. A large number of construction enterprises both contracting and professional firms, except those firms engaged in speculative house building, practice minimal marketing. They avoid or minimize conscious development of a marketing program. The firms feel that they will attain their objectives by rendering the best quality service to existing clients. They reason that a high quality of service will lead to satisfied clients, who will place their new business with the firm. Furthermore, satisfied clients will recommend the firm to others, thus leading to a substantial inflow of new clients. This approach to doing business is not tenable in business environment of construction business.

## **5 DISCUSSIONS**

The study examined the human related factors in construction business enterprise that affect effective marketing management of construction businesses. It is the first study that highlights the challenging effect of human related factors in construction to the marketing of construction businesses.

The results are clear of the potential effect of human related factors in the marketing of construction business such as: construction business management's reluctance to adoption of marketing as a business management function, lack integration of marketing in the business chain of construction, lack of understanding or misperceptions and misconceptions about the true meaning of marketing, beliefs in the industry that 'so long as we do good work we will always have plenty of work', engineer's paradigm, lack of in-house marketing expertise and constraints in marketing resources in terms of marketing skills and manpower for marketing activities. All these factors are related to humans in various levels of management in the construction industry.

Most of the human factors examined require mental orientation of construction management team members involved in construction far more than instituting some specific measures in place, no matter how pragmatic those measures could be.



That will require some in-service education and training about marketing for construction management team members. Factors lack of understanding, misperception, misconception and misunderstanding of marketing can be overcome with education and training of construction management team members. Once this is dealt with the other challenges such as reluctance to adoption and integration of marketing in construction, beliefs in the industry, engineer's paradigm, resource constraints, lack of in-house marketing and others would have been dealt with indirectly. All these factors are ripple effect of the root cause – lack of understanding of the true meaning of marketing.

In the meantime, management can also employ the services of marketing professionals as a way of overcoming the challenge of lack of in-house marketing expertise. Increasing the numerical strength of individuals whose responsibilities are solely dedicated to marketing or staff at the marketing department will also improve on the marketing resource constraint due to manpower requirement for marketing activities. Some limitations may be related to the collection of secondary data for the study. Also, the study did not examine the education and training of construction management team members so as to establish its effect on the mental orientation of construction management team members about marketing in the management of construction business.

The confidence in the results could be strengthened with inclusion of more electronic databases so that other possible human related factors affecting construction marketing can be highlighted. These recognized shortcomings could inspire researchers to define their future research agenda. Again, future work should examine other potential factors that might influence mental orientation of construction management team members about marketing. In particular, the content and structure of construction education curriculum, the relevance of the teaching methods adopted towards the acquisition of useful knowledge and skills, the competency of the teachers for teaching marketing to construction students and the preparation of academic staff for teaching marketing to construction students.

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