

AN EXPLORATION INTO MARKETING WITHIN THE CONSTRUCTION INDUSTRY IN THE EASTERN CAPE PROVINCE OF SOUTH AFRICA

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Abstract

This study sought to explore current marketing activities employed by construction companies within the Eastern Cape province of South Africa and to establish whether these activities were effective in gaining competitive advantage. The construction industry is vital to a country's macro-economic agenda and can positively impact an ailing economy. The industry is, however, fraught with intense rivalry and fierce competition which, at times, entices corruption. Its competitive and contesting methodologies lead to adversarial attitudes which hamper relationship building with its customers. Marketing, which is rich in customer relationship management, tends not to be regarded as strategic within construction companies. Given the limited academic literature on marketing in construction, qualitative research was deemed relevant to explore why the industry behaves the way that it does. The study used interviews as the primary data collection instrument, where nine company leaders were interviewed. The findings show that construction companies rely heavily on tendering but also on social events (golf, braais, entertainment, fishing, industry association functions and business lunches) to market their businesses. Companies also believed that the best way to market is by delivering good quality projects which is clearly not a strategic initiative. The study also found a huge reliance on networking which incorporates socially or informally keeping in contact with clients,

consultants, peers, industry association members and suppliers, and which seeks to be the panacea for the lethargy found in the industry's lack of commitment to marketing planning, research and market intelligence. The study found that a barrier to marketing was clients' policies relating to the awarding of the lowest tender. Other barriers included black economic empowerment and corruption. The research concludes with recommendations for construction companies to adopt marketing strategies as successfully proven by other industries when marketing is a strategic business function.

Keywords: Marketing strategy, market intelligence, tender culture, market demand, marketing planning, South Africa

INTRODUCTION

Marketing is renowned in other industries to be an essential business function (Slater *et al.*, 2010, p. 552); however, when it comes to the construction industry, it appears to be a neglected/untrusted phenomenon as it relates to business strategy. When companies successfully market their offerings, buyer appetite is stimulated, demand is widened and creativity and innovation is increased which brings about cost savings and ultimately changes the competitive landscape of rival companies in terms of business strategy (Hough *et al.*, 2012, p. 86). It follows that companies would ensure that they strategically forge strong relationships with their customers however this does not appear to be the case in the construction industry. Instead, throughout the industry we find an antagonistic relationship between construction companies and their customers (Davies, 2003, p. 831; Cicmil & Nicholson, 1998, p. 97). The “tendering culture” that is ubiquitous in the industry could well be the cause of the competitive nature (Bennett, 2005, p. 118). This study is, thus, aimed at exploring why the construction industry in South Africa and specifically the Eastern Cape, entertains the mind-set that construction is not marketable.

Researchers (Kotler & Keller, 2012, p. 25; Pheng, 1990, p. 38; Yisa *et al.*, 1996, p. 47; Tikkanen *et al.*, 2007, p. 195; Adendorff *et al.*, 2011, p. 60) agree that marketing and the management thereof is of critical importance and has strategic relevance; however, very few construction companies actually take marketing seriously enough to carefully plan as well as adhere to existing marketing tools and techniques that have proven successful with other industries (Yisa, 1996, p. 47; Rwelamila & Machete, 1997, p. 607; Dikmen *et al.*, 2005, p. 259; Naranjo *et al.*, 2011, p. 251; Yankah & Dadzie, 2015, p. 197, Kotler & Keller, 2012, p. 26). Construction companies tend to see marketing as a fad focused upon by other industries and oft

times consider marketing as incongruent with a sector whose business model is project based - a business model dictated by demand and/or prosperity of other industries.

Construction companies, both large and small, tend to hold a similar view that “you are only as good as your last job” holding fast to the fallacy that companies within the construction space can only use “past” projects as the main driver to display their potential and ability to execute (Montgomery, 2014, p. 1; Arditi *et al.*, 2008, p. 258, Tikkanen *et al.*, 2007, p. 203). Therefore, the art and science of marketing is accordingly ignored and/or overlooked as a discipline perhaps to be considered by other industries to gain a competitive advantage. For too long though, construction as an industry, has been viewed as sluggish when it comes to corporate strategy and thus not optimally being able to measure demand which, in turn, then leads to profitability (Miller, 1981, p. 1; Yisa *et al.*, 1996, p. 57; Bennett, 2005, p. 119; Mycock, 2012, p. 1).

According to Kotler and Keller (2012, p. 38), companies should always advance with marketing initiatives, revolutionising their products and services, engaging with consumer needs and pursuing fresh advantages instead of relying on past victories. However, most South African construction companies tend to rely on past projects and do very little in terms of marketing innovation and marketing planning, which could exacerbate the industry’s declining profit margins where competition continues to grow increasingly intense in tough economic times (Akintoye & Skitmore, 1992, p. 3; Bowen *et al.*, 2007, p. 633; Bowen *et al.*, 2012, p. 887). The question then arises: If marketing holds a key to gaining competitive advantage and thus profitability, why then do construction companies place so little value on marketing? Considering this, this study explored marketing as a business function within the South African construction industry to understand why construction companies tend to ignore marketing as a major factor in shaping a company’s strategy.

CONSTRUCTION IN SOUTH AFRICA: AN OVERVIEW

Construction and the South African Economy

In 2013, South Africa’s GDP was reported as R3.5 trillion of which the construction industry contributed 3.6%, which is R126 billion although more recently, construction has improved and has expanded by R5 billion (Statistics South Africa, 2014, p. 38; Statistics South Africa, 2015, p. 4). The construction industry in South Africa contributes to 1.3 million jobs and 8.5% of the total workforce, which is crucial to economic growth (Statistics South Africa, 2015, p. vii). Infrastructure Investment for the Commonwealth Games in 2022 is anticipated to contribute to the long-term benefits of the Host City, Durban. It is anticipated that the Games, in total, will contribute up to R20 billion in output to the economy, equating to an estimated R11 billion gross

domestic product growth (Durban 2022, 2015, p. 3). The investments will create a vast amount of employment to construct the infrastructure development as well as the advancement of new construction, for instance the Athlete's Village. These could be full-time, part-time or contract workers in the construction industry (Durban 2022, 2015, p. 7). The Construction Industry Development Board (CIDB) and Gillingham (2009), as cited in Martin and Root (2012, p. 209), found that government spending on infrastructure projects, and the work involved in the FIFA Soccer World Cup 2010, had their positive impact mostly on the civil engineering sector. The demand for new infrastructure remains, and construction industry development and capacity-building stay on the agenda of government bodies such as the CIDB.

Delivery challenges

Dlungwana *et al.* (2002, p. 2) posit that the construction industry has a serious impediment in trying to effectively execute and complete government infrastructure projects, which then places government under pressure for non-delivery to the nation. Compounding these non-delivery challenges has been the swift globalisation of the South African economy. Large South African construction companies in particular are progressively expanding into foreign markets to increase turnover and to survive the current economic downturn affecting the South African construction industry. This increases the need for South African contractors to be much more competitive to match the level of performance of their counterparts operating in foreign markets (Dlungwana *et al.*, 2002, p. 2).

The ability to work in continental and international markets and to build up networks in many different cultures is the main competency of the multinational company. This can be said about South Africa's big five construction companies, namely, Aveng, Murray and Roberts, WBHO, Group 5 and Stefanutti Stocks (Carte, 2012, p. 1). Does this then mean that in order for this strategy to work, it is essential that the products in this industry be standardized? It obviously does not comport nor can it be that construction products around the world be standardized. Therefore, as countered by Girmscheid and Brockmann (2006, p. 5), global markets seem an impossibility for this industry.

Ethics in construction

Ethical challenges facing the South African construction industry are not dissimilar to those of overseas markets. Industry analysis of South African designers, quantity surveyors, engineers and construction companies concerning ethical conduct within the industry reveals that South African contractors have a poor reputation due to unethical behaviour. According to Bowen *et al.* (2007, p. 631), the magnitude of corruption in construction is greater than is found in any other

sector of the economy. Bowen *et al.* (2007, p. 643) contend that the industry in South Africa is prone to corrupt behaviour as a consequence of the competitive pressure it faces from the pervasiveness of lowest cost bidding strategies.

These pressures have caused extreme competition in the execution of professional and construction services—an economic doctrine espoused by many government departments persistently attempting to drive costs lower. As in the construction of Cape Town's Greenpoint stadium, rapid cost-creep brought about major conflict between local and national government (Alegi, 2008, p. 412). Alegi (2008, p. 412) further added that the increase in cost stemmed somewhat from ever-increasing cement and steel costs. Notwithstanding, these escalating costs were also the consequence of construction companies' predisposition to inflate costs due to time constraints, monopolies and a limited labour skills pool (Alegi, 2008, p. 412).

LITERATURE REVIEW

Current marketing in construction

According to Yisaet *al.* (1996, p. 57), companies can experience strategic growth from a marketing awareness of needs and opportunities created by a changing market environment. A company whose marketing function is central to its business strategy and has a solid appreciation for market demand will have an inclination toward marketing innovation; however, the construction industry is infamous for its lack of innovation and creativity (Yisaet *al.*, 1996, p. 57; Rust & Koen, 2011, p. 7). Notwithstanding, senior executives across the world highlighted and identified enterprise resource planning (ERP), market intelligence research and customer relationship management (CRM) as the sales and marketing solutions to be most invested in during 2013 (Market Report Store, 2013, p. 3)

Marketing strategy

A marketing plan and strategy contributes to the success of a company, as shown in the discussion above (Market Report Store, 2013, p. 3). Marketing, as a discipline, must bear strategic relevance and thus tailor the company's future. Unfortunately, the construction industry, universally, is yet to focus on- and reap the rewards of- planning and management of the marketing function (Yisaet *al.*, 1996, p. 58). Construction companies, unfortunately, pay little to no attention to marketing in their execution and/or implementation of business strategy. Currently, construction companies primarily focus on advertising and websites rather than being strategically driven as a client-centric business (Corfe *et al.*, 1991; Pearce, 1992) (Cited in Yisaet *al.*, 1996, p. 58).

In researching the marketing activities of construction companies, Bennett (2005, p. 119) and Hillebrandt and Cannon (1990) as cited in Yisaet *al.* (1996, p. 58) agree that construction companies are slow in adopting marketing techniques; they marginalise the need to include marketing in business strategy, and stereotypically regard marketing as an add-on responsibility of senior managers and directors rather than as an independent business function. Arditi *et al.* (2008, p. 255) postulate that marketing is an investment which empowers companies, thereby giving them a competitive edge.

Marketing in construction- a misunderstood phenomenon

Although marketing may seem tautologous in the industrial and service sector, it is still misunderstood in the construction industry (Naranjo *et al.* 2011, p. 246; Dikmenet *al.*, 2005, p. 259). It is necessary to consider that construction is a sector categorised by several peculiarities that make it dissimilar from the industrial and service industries. Notwithstanding, construction marketing is not easily adopted and, in fact, is seen with scepticism because what is being sold does not yet exist (Naranjo *et al.*, 2011, p. 246).

Hillebrandt and Cannon (1990) cited in Yisaet *al.* (1996, p. 48) note that contractors' marketing efforts are not directed toward target markets, market demand and/or market intelligence, instead, the main focus tends to be that of getting onto the tender list or monitoring periodicals for tender adverts. The attitude found in the industry toward government, as a client, is replicated toward private clients. As such, there can be no need or effort required to pursue a sophisticated marketing action plan. Once the contractor is on the tender list, the main driver is price. Morgan and Morgan (1990), as cited in Yisaet *al.* (1996, p. 48) from investigating marketing communication in construction, discovered that marketing is still new and is observed cynically because the industry has always viewed marketing as a discipline with limited tools that may or may not add value. These tools include distributing brochures and advertising in the yellow pages, which are often consolidated without a structured marketing plan in line with the company's strategy and vision (Yisaet *al.*, 1996, p. 48).

The most common myth is that only top or senior managers should bear the responsibility of marketing. Another fallacy is that only large companies should focus on marketing whereas this business requirement does not extend or apply to smaller companies (Dikmenet *al.*, 2005, p. 258-259). It appears that smaller companies can ill afford to budget for marketing, especially where the merits of marketing are not easily often measured. Rwelamila and Machete (1997, p. 607) found that most of the companies they researched neither had a marketing research department nor a team focusing on marketing forecast or market intelligence. Rwelamila and Machete (1997, p. 607) further found marketing to be unplanned,

haphazard, unanticipated, unstructured, impromptu and informal. Each entrepreneur is left doing his/her own thing without much planning. From a research methodology perspective of the state of marketing in construction researched by Naranjo *et al.* (2011, p. 251-252), it was concluded that there are no clear marketing guidelines or procedures for construction companies to follow.

METHODOLOGY

The study was qualitative and it adopted an interpretive paradigm. Given the limited academic literature on marketing in construction, searching for alternative explanations was imperative. To this end and to develop a framework, qualitative research was deemed relevant and was used for this study. Qualitative research, as an instrument, had a specific role, specifically one-to-one cognitive interviewing which has become a contemporary tool where a topic is exhaustively studied to achieve saturation (Willis, 2015, np). Thus the qualitative terrain allowed for probing and asking further questions in order to arrive at and/or achieve in-depth, rich information to explain why the industry ubiquitously behaves the way it behaves.

The exploratory research design approach was found most suitable for determining marketing strategies used by construction companies in the Eastern Cape and also for addressing a subject where there is limited academic research, high levels of marketing unfamiliarity and uncertainty and where the research problem, in this instance marketing in construction, is not well understood. In the research exploration, patterns, ideas and propositions were sought, gleaned and tested and formed the basis for further research.

Target Population

A target population is referred to as the total number of units or items in any field of research or a full set of cases from which a sample can be taken (Gupta & Gupta, 2011, p. 32; Saunders *et al.*, 2012, p. 260). The desired population were construction companies operating in the Eastern Cape, however and in order for the target population to be representative of the Eastern Cape construction industry, nine construction companies were researched [three large: Johannesburg Stock Exchange (JSE) listed companies; three medium sized and three small] and participated in the study. The study selected companies that are members of the Master's Builders Association; South African Forum of Civil Engineering Contractors; Association of Architectural Aluminium Manufacturers of South Africa and the Electrical Contractors' Association of South Africa. The total number of employees (and thus the target population) within these companies is approximately 1218 people.

Sampling

The sampling technique used for this study was non-probability sampling, and the method used to draw the sample was judgemental sampling. This technique allows the judgment of the researcher to select participants that would best answer the research questions and the meeting of objectives (Creswell, 2003 cited in Chikoko, 2014). This study used purposive sampling in order to concentrate on individuals who had management knowledge about the construction industry. Only individuals who hold senior management positions in the construction companies were chosen for the study.

Data collection instrument

The procedure followed in this study was that of semi-structured interviews where a set of interview questions which were self-designed, were used to guide the interview; however, it was important not to structure the interview too much so as to maintain the narration. There were times when there was a need to probe deeper where the research questions and objectives were not adequately addressed based on the distinctiveness of the companies being interviewed (Saunders *et al.*, 2012, p. 375). In order to explore why the industry behaves the way it does, the narrative was crucial and accordingly, the interview was recorded using a Dictaphone to ensure that the richness of the data was preserved.

ANALYSIS

Gupta and Gupta (2011, p. 81) and Saunders *et al.* (2012, p. 546) agree that data analysis is one of the key stages of the research process since the researcher has to collect, process, explore, analyse, synthesise and transform the data in order to answer the research question and thus make firm grounded recommendations. The research was initially conducted from an inductive perspective where the theory was 'built up' from the data explored. Thematic analysis focuses on the examination of themes and identifies implicit and explicit philosophies within raw data and as such is applicable to this study. Common themes were examined and interrogated against existing theory, and it can be concluded that an abductive approach was employed thereafter, for this study.

After conducting the interviews and transcribing these *verbatim* into word-processed text, the data was summarised in order to consolidate, code and group data according to themes that resonate and then ultimately to link the categories in a manner that provides structure to answer the research question. The process of transcription was time-consuming and took 17 hours to convert into text. It was also necessary at times to draw inference to the non-verbal communication observed during the interview. Once in written form, the transcript

was read continuously until dominant themes emerged and thus meanings were developed from the transcripts. The transcription was double-checked for errors, a process known as data cleaning (Saunders *et al.*, 2012, p. 550). The set list of questions asked were included in the transcript for easier comparison of participant responses.

Once the data were grouped and coded using CAQDAS, they were rearranged into analytical codes which were aligned to the research question. Concept-driven categories (deductive) were separated from data-driven categories (inductive). Data were rigorously reviewed, categorised and reorganised in pursuit of relationships, patterns and themes. Categories were redefined where found to be too broad or general or heterogeneous. Saunders *et al.* (2012, p. 561) state that it is crucial to test propositions that emerge from the data as a result of an inductive approach by seeking alternative explanations and negative corollaries that do not conform to the themes and patterns being tested. Thereafter, and only once these alternative explanations were tested, were conclusions and grounded recommendations formulated and put forward.

Data results were reported against the research objectives with a few quotations from the research participants to substantiate a proposition and/or recommendation. Such quotations were interpreted for context while anonymity was maintained. Some of the qualitative results were quantified to display the frequency of key themes. While grounded theory was employed in the quest to understand the theory that emerged from the data, there was a temptation to guide the data using template analysis. However, since the nature of the research was exploratory, it was essential to remove any bias and thus to ignore the template analysis.

EMPIRICAL RESULTS

The purpose of this study was to explore the marketing activities within construction companies in the Eastern Cape and to understand whether these activities bore strategic relevance. It sought to quantify the significance of marketing as a business function within the minds of construction leaders.

Current Strategies

- Social events, projects marketing and networking

The study revealed that construction companies heavily rely on social events, most notably golfing tournaments. Another concept which was uncovered in the study was that of a project being given a voice to speak for or on behalf of the contractor. Many companies believed that the way to market is by delivering good quality projects. There is nothing strategic about this activity. According to thought leader, Porter (1980, p. 39), there are three generic strategies:

focus strategy; overall cost leadership strategy and differentiation strategy. The study also found a huge reliance on networking where networking seeks to be the panacea for the lethargy found for the industry's lack of commitment to market research and market intelligence. The study revealed that in terms of forecasting of demand or planning for cyclical fluctuation or even strategising for a boost in profitability, networking was overrated and overestimated. Networking is, indeed, very important but was being given too much authority in lieu of taking responsibility to understand the whole of the construction market. The current marketing activities, however, have been understood.

- Tendering and procurement of work

Tendering was found to be traditional and commonplace for most of the construction companies although a few participants expressed that with tendering's low success rates, it is not sustainable. Companies are starting to place confidence in relationship building in an effort to negotiate repeat business while others are offering D&B or a turnkey solution in order to provide differentiation. These findings concur with Bond and Morrison (1994), cited in Yisa *et al.* (1996, p. 55), who found that other procurement systems such as D&B and management contractors are gaining wider acceptance throughout the construction industry. Although contractors are showing interest to move away from the traditional forms of procurement, very few have the competence to lead the design team. Bo and Chan (2012, p. 120) found that a lack of design management competence, a lack of interest of clients and a lack of suitable organisational structure form part of the primary barriers to these alternate procurement vehicles.

- Marketing competence

From the findings, it is clear that the companies offer no training and developmental assistance to executives in order to promote marketing as a strategic imperative. Ergo, the average marketing spend, was found to be less than 0.2% of company turnover.

Similarly, the study found that none of the construction companies represented had a marketing plan or were aware of having a marketing department. It is clear from the findings that marketing within construction is misunderstood and at best, it was confused with advertising. Participants stated that they either do not market at all or explained how they advertise or perhaps how they network. Some gave conflicting information where they stated that they do not market their companies but then gave information pertaining to marketing expenses. Naranjo *et al.* (2011, p. 246) state that while marketing is relatively well known in other sectors, it is comparatively misunderstood within construction. Dikmen *et al.* (2005, p. 259) found that the most common misperception was that marketing was the responsibility of senior members of

staff. Smaller companies in the study echoed the same sentiments by saying they were too small to market their businesses which corroborates how marketing is misunderstood. Another misunderstanding is that marketing is a function undertaken by large firms whereas it does not apply to small firms (Dikmen *et al.*, 2005, p. 259).

Overall, executives could not see a link between marketing and business and/or profitability. If the value of marketing was appreciated, in the way it plays a central role in addressing 21st century business challenges amidst unforgiving economic circumstances, then the development of a marketing team, marketing competence and the preparation, execution and monitoring of a marketing plan would be higher up on board meeting agendas (Kotler & Keller, 2012, p. 25).

Barriers to marketing effectiveness

- Adversarial relations and focus on price

The study revealed that, generally, construction companies tend not to focus on the customer. It was found that nearly two thirds of the participants do not manage the customer relationship. It was also revealed that while 56% did not measure customer satisfaction, none of the participants indicated that they measured customer satisfaction during the execution of a project. Many participants revealed an 'us-and-them' rivalry between the contractor and client/design team, a mind-set also discovered by Davies (2003, p. 831). Cicmil and Nicholson (1998, p. 97) found that construction companies tend to cut themselves off from the customer by creating an antagonistic wall. Some participants felt that clients were not mature enough to look beyond 'price'.

Price was almost unanimous amongst participants as the driving force of the industry and thus a barrier to marketing. Construction leaders believe that very few clients are willing to trust a relationship and overlook the price, thus negating the need to market. Other participants explained that given the corruption stigma that exists within construction it was inappropriate to conduct marketing when the customer is government. Notwithstanding, government policies emphasise and prioritise lowest price (Arditi *et al.*, 2008, p. 256).

The tender culture, which is endemic in construction, tends to trigger nonchalance toward marketing as it is believed that the client is solely focused on price, a dictate which ostensibly nullifies the need for marketing. Clients are found constantly wanting to drive prices down which also stirs the antagonistic relationship and raises a marketing barrier. Mochtar and Arditi (2001, p. 141) state that there is a belief that construction companies are always able to create ways to execute projects below market price and yet still make a reasonable profit. Smyth (1999) cited in Arditi *et al.* (2008, p. 256) observed that due to the lack of product

differentiation within construction, clients tend not to have preferred contractors, instead they prefer switching between contractors that offer the lowest prices. While this is prevalent, contractors ought to be creative and thus offer product differentiation forcing customers to consider value instead of price alone.

- Macro-economic pressures and black empowerment

A third of the participants expressed that environmental pressures within South Africa have contributed to a shift in their strategies. One remarked that business development for historically disadvantaged businesses has been an imperative in the public sector, and this has forced companies to review and revisit their Broad-Based Black Economic Empowerment (BBBEE) status. BBBEE, as a programme, seeks to transform South Africa's economy demographically to bridge the racial divide (Muller *et al.*, 2012, p. 127). One participant representing a small contractor confessed that he had no choice but to reconsider his strategy if his 'white company' is to survive amidst the country reforms that South Africa is embarking on. This macro-environmental pressure creates a significant barrier for construction companies that are owned by individuals considered historically 'advantaged'. This challenge was found not only in companies tendering in the public sector but also in the private sector where private clients are also seeking to maintain their own BBBEE scorecard; so a contractor who has a poor BBBEE score or is not BBBEE compliant will find trading difficult if it seeks to grow and gain competitive advantage. This was an unexpected barrier to marketing.

- Corruption and collusion

The findings of the study revealed that contractors believe that government officials are the instigators and initiators of corruption in construction and that small contractors participating in the public sector are the most susceptible to corruption. Bowen *et al.* (2007, p. 643) state that the South African construction industry is predisposed to corrupt behaviour due to the competitive pressures and the pervasiveness of the lowest cost bidding strategy, an economic policy adopted by government. One participant expressed frustration by stating that at times, one is forced to acquiesce and give into corruption merely to prevent a competitor from being awarded a public tender.

The findings also highlighted the contractors' view that the Competition Commission's mission somewhat thwarts marketing or inhibits the traditional and current marketing activities. It is true that certain activities relating to competitors discussing marketing aspects such as price can be construed as anti-competitive and thus collusive; however, discussing price with a

competitor is a minor element within marketing. It does however constitute a barrier which was not expected.

The study against the literature

The findings from the study were in line with the literature; however, there was a dearth of literature relating to barriers to construction marketing most notably, corruption, collusion and black empowerment. The challenges facing construction in the Eastern Cape and South Africa as a whole are very similar to those around the world in that the industry's behaviour is ubiquitous apart from social challenges each country faces.

RECOMMENDATIONS

It is imperative that the construction industry wake up to the realisation that the industry can indeed be marketed and that with strategic intentions and marketing goals and objectives, such demand can be both stimulated and forecasted. The following are recommended to improve and to displace the pervasive lackadaisical approach to marketing that has plagued the industry for too long:

1. Construction companies should engage in Relationship marketing (RM) which will reduce if not eliminate relationship dysfunction with customers. The study found that the contractor - client relationship was desperately antagonistic and adversarial, and a strategic decision to improve relationships with customers will provide a construction company with an opportunity for future business. Davies (2003, p. 829) posits that RM's focus is on customer service, which strategically changes transactional marketing and moves construction firms toward innovative procurement where building and maintaining long-term relationships are inherent within the RM construct.
2. Companies need to focus on internal marketing. The study revealed that there were no internal marketing initiatives carried out by the participants. Cicmil and Nicholson (1998, p. 101), elaborating on Egan's 1996 idea, note that an important role of internal marketing is to ensure that all employees, especially those who have regular contact with clients, believe in the company's products and brand and that they are motivated to promote a favourable image of the company. Marketing becomes easier when a company has a strong brand as consumers, clients and customers respond favourably to marketing activities (Spence & Essoussi, 2010, p. 1038). Companies should focus internally and externally on building the brand.
3. The study highlighted the industry's superficial understanding of marketing research and marketing planning. Market Research is about understanding the mechanisms that make

the market tick – customers, competitors, politicians, economics, sectors and the potential for growth and then using that knowledge to develop a successful plan (Mycock, 2012, p. 1). This is much more than networking and so contractors need to exert effort to understand the environment in which they operate and thus the market. Most companies do not have a marketing plan—the bridge between establishing marketing goals and achieving them. A company without a marketing plan is like a rudderless ship - moving aimlessly in the marketplace reacting to hearsay instead of the real opportunities (Miller, 1981, p. 1). Companies need to research the market, gain optimal intelligence and strategically plan how to use strengths to mitigate weaknesses and how to capitalise on opportunities in the wake of the threats they face.

4. Contractors need to align themselves with the fact that the world has gone digital. All participants in the study were uncertain when asked about digital marketing. Accordingly it can no longer ignore technological advances and leaders need to be aware of what is available to market their companies. Since maintaining great internet presence requires company resources, construction companies should consider search engine optimisation (SEO) to review what it takes to get a website noticed and highly ranked by Google, MSN, Yahoo, and other search engines (Armstrong, 2006, p. 3; Montgomery, 2014, p. 1). According to Cremen *et al.* (2011, p. 84), social media usage in South Africa was estimated to be used by 22% of the population (Worldwide Worx, 2014) and while it grew by 17% in 2010, businesses continue to discover the benefits of this exciting marketing medium every day. According to Ryan and Gray (2014, p. 1), unlike most social media tools, LinkedIn for example, was built by business executives who understand how business development and sales cycles work.
5. The study revealed the overwhelming reliance on tendering which is not sustainable. Yisaet *al.* (1996, p. 55) offer that design and build is fast becoming the procurement of choice which reduces client risk, increases teaming amongst stakeholder and provides better returns.
6. The study revealed that customer satisfaction was not high on the industries agenda. Interactive marketing takes many forms to provide two-way communication (mobile phones, websites, social networks, email etc). Customer lifetime value is key where the focus is on customer acquisition, and contractors must understand what customers and clients are saying or thinking about the service being rendered (Pfeifer & Carraway, 2000, p. 43). While the walls of adversity are broken down by paradigms such as partnering, the client relationship requires management and maintenance. Companies are realising that their only sustainable competitive edge may be their relationships with customers. It is hardly about

who sells the most products and services as it is about who keeps the customer (Laudon & Laudon, 2012, p. 375).

7. New product introductions may be especially effective during a downturn. In anticipation of a downturn, managers can also position the company in multiple markets and geographies and plan for the contingency of sharply declining sales. Companies must trade-off the financial risk of investing prior to full economic recovery versus the competitive risk of not investing by considering a) Market penetration strategies; b) Market development strategies; c) Product development strategies; and d) Diversification strategies (Palmer, 1998, p. 311; Pearce & Michael, 2006, p. 207). Marketing segmentation is also recommended.

CONCLUDING REMARKS

Strategy is often a malapropism within industries, especially that of construction. The study revealed that companies were not strategic regarding marketing. Companies need to formulate, implement and monitor its marketing strategies. Companies need to consider their mission and then evaluate their micro-environmental and macro-environmental forces that affect profitability (Kotler & Keller, 2012, p. 70). This will allow companies to formulate strategic goals and objectives and to put in place marketing programmes and activities which must be monitored and controlled for effectiveness. Construction companies should know their clients in order to define which marketing strategy to use (Naranjo *et al.*, 2011, p. 249). Marketing strategies are thus clearly more than golfing tournament invitations, business lunches and networking.

The study was restricted to the city of East London although two companies which are based -in Port Elizabeth participated in the study. While the self-designed interview questionnaire was a satisfactory way to gauge participants' views, the qualitative questions appeared to bring about discomfort as far as marketing competence is concerned and accordingly, it is assumed that some participants may have given answers merely to shroud the actual reality of how marketing is considered within the respective businesses. Thus, more participants would have been valuable and/or perhaps a greater degree of patience should have been exercised in order to reinforce that the study was not an exposé of marketing competence.

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APPENDIX: LIST OF ACRONYMS

BBBEE	Broad-Based Black Economic Empowerment
CAQDAS	Computer Assisted Qualitative Data Analysis
CIDB	Construction Industry Development Board
CRM	Customer Relationship Management
D&B	Design and Build
ERP	Enterprise Resource Planning
FIFA	Fédération Internationale de Football Association
GDP	Gross Domestic Product
JSE	Johannesburg Stock Exchange
MANCOSA	Management College of Southern Africa
RM	Relationship Marketing
R&D	Research and Development
SEO	Search Engine Optimisation
SME	Small and Medium-sized Enterprises
UK	United Kingdom
UNDP	United Nations Development Programme
WBHO	Wilson Bayley Holmes-Ovcon
3D	Three Dimensional