

# A Study On The Marketing Services With Special Reference To Residential Building Construction In Tamilnadu

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*Abstract: the construction activities of our country have been growing through new economic policies formulated and implemented by the government. The basic infrastructure facilities have also been growing very fast. People migrate from their existing place of residence too far off places and to industrial towns for seeking job opportunities. In all the industrial towns and sub-urban areas, there is a heavy demand for houses for residential purposes. The nagar development has been growing from leaps and bounds. The building constructions are mostly undertaken by the plot owners themselves in the recent past. There has been a shift in these days as people started to seek the help of builders and contractors for constructing residential buildings. The reason behind is that they do not know the technical details of construction of residential buildings and also they do not have time to spare for material procurement, supervision and look after the day-to-day construction activities. Hence, there is a growing demand for the plot owners to seek the help of the builders and contractors.*

*It has been visibly found that there is a wide gap between the demand for builders and the existing plot owners. In the construction industry, the builders provide services to the plot owners and also meet the expectations of the plot owners. At this juncture, the builders started marketing their services through various avenues. They give wide publicity through newspapers and tv advertisements. They started marketing their services through builders association. The builders undertake construction activities individually or in the form of groups or companies. From the existing scenario of construction of residential buildings, it has been identified that there is an existence of gray market for the builders. Thus, a study has been undertaken to find out the marketing practices prevailing for the builders to meet the growing demand of would be dwellers.*

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## I. INTRODUCTION

The nature of study is such that it is very tough to limit the scope of the study. The government of india gives top most priority for the construction activities in order to change the economy of the country from developing to the developed stage. The government gives provision for tax concession for the building's owners who avail financial assistance from the approved financial institutions. The government both at center and state level gives special attention for providing dwelling units to the homeless people. Apart from these programs, the government of tamil nadu has launched and implemented schemes for 'samathuvapuram' and conversion of all huts into terraced buildings. Thus, the marketing of construction industry and its role has been growing in these days.

It is found from the existing literature that only 30 per cent of population is holding their own residential buildings the remaining population live in the rented buildings in one way or the other. The type of buildings is not uniform at all the places. As a result, there is a need for spreading the construction activities at a uniform level to all the places so as to ensure a balanced growth and development.

It has become a fashion and the order of the day that people wanted to construct buildings for the residential purpose in the nagars. The nagar growth and development has been growing at an alarming rate. In fact the agricultural lands, which are nearer to the industrial belts are converted into nagars. The real estate business has been growing very fast in our country. Thus,

there is an urgent need to study the marketing of construction industry and see as to what extent the real estate business should be allowed to grow.

Thus from the forgone pages it has been found that the scope of the study has become very far and wide. Hence, the time is ripe enough to undertake the study. The following are the target audience for this study.

1. The building contractors, engineers, architects and planners.
2. The plot owners, the industrial estate owners and would be dwelling owners.

## II. Objectives Of The Study

- a) To find out different methods of identification of target customers for the construction of the residential.
- b) To study the various services being offered by the select construction industrial units to their customers (clients) during the study period.
- c) To study the strategies to meet out the demand and supply of services.

## III. Methodology

This is an empirical study which requires collection of information from the respondents directly. Further the information has been collected concrete and at the micro level. In this study survey method of research has been followed for collecting firsthand information from the respondents.while selecting the sample respondents, the following factors have been kept in mind.

1. The builders who have been engaged in the construction activities for a period of not less than 5 years.
2. The builders who have been engaged for the construction Of buildings on behalf of the clients on contract basis.
3. The builders who are qualified and obtained registration certificates.

**Table-1: form of organization of construction business in the study area by the sample respondents duringthe period**

Form of business	No.of respondents	Percent	Cumulative per cent
Individuals	140	56.0	56.0
Partnership	95	38.0	94.0
Company	14	5.6	99.6
Any other	1	0.4	100
<b>Total</b>	<b>250</b>	<b>100</b>	

Source: Primary Data

#### **IV. Target Consumers**

For any successful business, one of the prime presides is to identify the target customers as for as construction industries concern the consumers cannot be suggested in a similar way as applied for manufacturing business. In the construction industry, there is a two way process that is the builders approach the target consumers and also the consumers approach the builders as they wish. There are many factors that the builders keep in mind while identifying the target consumers. The following factors are worth to note.

##### **4.1 Plot Owners**

In these days, there is a mushroom growth of Real Estate business. People wanted to keep their residential houses in the Nagars because they feel that it is a symbol of prestige. The builders approach the plot owners and convince them to construct residential buildings.

##### **4.2 Conduct Meetings of Builders Association**

The builders are all the members of Builders Association. They used to conduct meetings at important centers and invite the probable consumers to attend the meeting. The builders interact with consumers and thereby identify the target consumers.

##### **4.3 Conduct of Exhibition**

The exhibition meant for the availability of latest building materials enable the consumers to pay the visit to the exhibition and the builders introduce the latest materials arrived in the market and also latest technology available for construction of residential buildings.

##### **4.4 Customer Retention**

The builders keep in touch with the existing customers and through them they get feedback with regard to their services. As there is a general saying that the customers are the unpaid salesman. The satisfied customers give wide publicity to their friends and relatives and started introducing builders to them.

##### **4.5 Local Advertisements**

the builders now-a-days give publicity through the local advertisement agencies. Consumers prefer those builders to give publicity at frequent intervals. The builders also give publicity through posters and pamphlets.

##### **4.6 Loan Agencies**

The builders keep in touch with the loan agencies and request them to contact builders when consumers approach the loan agencies for obtaining loan for the construction of residential building. The builders also come forward to help the consumers who would like to avail financial assistance for the construction of residential building.

##### **4.7 Emergence Of New Occupation**

migration is inevitable for the people to seek white color jobs. After the development of information technology sector, there is an emergence of new business and profession and created good lot of employment opportunity with an attractive emoluments. The employees working in information technology sector earn attractive salary and they would like to construct residential houses in the nearby places where they employed. The builders come forward to approach this group of people and market their services.

### V. Identification Of Potential Customers

location is the prime factor that determines the identification of potential customers. The builders by virtue of their experiences find various avenues to identify the potential customers (clients). The very purpose of identification of potential customers is to enable the builders to identify the nature of service to be provided to each and every clients. It is because of the fact that the consumers though they mostly belong to middle income group, their socio economic status and occupations differ from individual to individual. Potential customers could be identified through various means. The table given below shows the identification of potential customers by the sample respondents in the study.

**Table -2: means of identification of potential customers by the sample respondent in the study area during the study period**

Identification of potential customers	No.of respondents	Per cent	Cumulative per cent
Old customers	19	7.6	7.6
Meetings	22	8.8	16.4
Employee	68	27.2	43.6
Brokers	24	9.6	53.2
Friends	78	31.2	84.4
Advertisements	30	12.0	96.4
Sub-contract	7	2.8	99.2
Banks	2	0.8	100
<b>Total</b>	<b>250</b>	<b>100.0</b>	

Source: primary data

Competition is inevitable in any line of business and construction business is not an exception to it. In fact, competition is essential because it enables the builders to go for innovation as found in the chapter four. The rate of profit earned by the builders is quite attractive when compared with the other line of business. Larger the size of business, larger would be the rate of profit in the construction business. As a result the construction market has been emerging as a potential business and new builders enter into the existing business. By necessity, the builders would like to follow some techniques to resist competition. It is given in the following table.

**Table -3: methods of resistance of competition by the sample respondent during the study period**

Methods of resistance	No.of respondents	Per cent	Cumulative per cent
Quality	25	10	10
Fair charges	15	5.6	15.6
After sales service	12	4.4	20
Area restriction	162	65	12.2
Additional services	12	5	17.2
Customers loyalty	12	5	37.2
Goodwill of business	12	5	97.2
<b>Total</b>	<b>250</b>	<b>100</b>	

Source: primary data

## VI. Demand and supply

The demand and supply are the two prime factors that determine the existence and continuation of any business. The demand and supply depends upon the stage at which the construction business is found in the life cycle. As far as construction industry is concerned, it is a growing industry and thus the rate of demand is getting increased at an increasing speed and followed by supply. From the study, it is found that 75 per cent of the sample respondents suggested the demand for construction industry is more than the supply of construction industry. The demand and supply is also getting fluctuated due to vagaries of monsoon i.e., there is no stable demand for the construction industry in practice due to monsoon and changes in climatic conditions. During rainy seasons, the construction work has been almost stopped and during summer seasons the construction work has been gaining momentum. From the opinion of sample respondents, it is found that the builders adjust the excessive demand on different ways. It is shown in the table given below.

**Table -4: methods of meeting demand for construction work by the sample respondents in the study area during the study period.**

Methods of meeting demand	No.of respondents	Per cent	Cumulative per cent
Overtime work	164	65.6	65.6

Postponed the contract	24	9.6	75.2
Enhance profit margin	8	3.2	78.4
Additional workers	14	5.6	84.0
Reservation	15	6.0	90.0
Any other	25	10.0	100
<b>Total</b>	<b>250</b>	<b>100</b>	

Source: primary data

### VII. Alliedactivities

When there is no demand for the builders as stated in the table 2.10a, the builders wanted to engage themselves on other allied activities. They feel that this would enable them to compensate the low level of income that they have earned during lean periods. The allied activities of the builders are given below.

**Table -5: allied activities of the builders when there is no demand for the construction works for the sample respondents in the study area during the study period.**

Activities	No.of Respondents	Per cent	Cumulative Per cent
Concentrating allied activities	34	33.6	33.6
Plan for Innovation	1	0.4	34.0
Motivating the Employees	17	6.8	40.8
Leasing Equipment	7	2.8	43.6
Learning New Technology	44	17.6	61.2
Introducing New Technology	97	38.8	100
Total	250	100	

Source: Primary Data

### VIII. Advertisement

Advertisement is the lifeblood of any business and construction business is not an exception to it.. In one way or the other, the builders like to give advertisements so as to enable the public to remember their existence. The builders need advertisements not only to inform their existence but also to resist competition. The media of advertisement are found more for the construction business in the study area. It is revealed in the table given below.

**Table -6: Medium of Advertisement by the Sample Respondents During the Study Period**

Medium of Advertisement	No.of Respondents	Percent	Cumulative Per cent
TV	5	2	2
Radio	8	3.2	5.2
Wall poster	10	4	9.2
Bit Notice	7	3	12.2
Newspaper	13	5	17.2
Pamphlets	50	20	37.2
Wall paints	150	60	97.2
Others	7	2.8	100
<b>Total</b>	<b>250</b>	<b>100</b>	

Source: Primary Data

### IX. Methods Of Meeting Demand And Supply

The demand and supply are the two prime factors that determine the existence and continuation of any business. The demand and supply depends upon the stage at which the construction business is found in the life cycle. As far as construction industry is concerned, it is a growing industry and thus the rate of demand is getting increased at an increasing speed and followed by supply. From the study, it is found that 75 per cent of the sample respondents suggested that the demand for construction industry is more than the supply of construction industry. The demand and supply is also getting fluctuated due to vagaries of monsoon i.e., there is no stable demand for the construction industry in practice due to monsoon and changes in climatic

conditions. During rainy seasons, the construction work has been almost stopped and during summer seasons the construction work has been gaining momentum. From the opinion of sample respondents, it is found that the builders adjust the excessive demand on different ways. It is shown in the table given below.

**Table -7: Methods of Meeting Demand for Construction Work by the sample Respondents in the Study Area during the Study Period.**

Methods of Meeting Demand	No.of Respondents	Percent	Cumulative Per cent
Overtime work	164	65.6	65.6
Postponed the contract	24	9.6	75.2
Enhance profit margin	8	3.2	78.4
Additional workers	14	5.6	84.0
Reservation	15	6.0	90.0
Any other	25	10.0	100
<b>Total</b>	<b>250</b>	<b>100</b>	

Source: Primary Data

#### **X. Why The Consumers Seek The Services Of Builders?**

The consumers have no knowledge on construction activities and they are easily cheated by the workers who are engaged in the construction work. Management of the building labourers is a tough job. It is difficult for the consumers to assess the quantum of work done by the labourers. Further the consumers lack technical knowledge of construction. Over a period of time, the outlook and approach of the consumers has been getting changed. Now-a-days, almost all the consumers wanted to seek the help of builders at the time of construction. While probing the reasons for seeking the help of builders, the following points are worth to note.

**Table -8: Reasons for the Consumer to Seek the Services of Builders**

Reasons	No.of Respondents	Per cent	Cumulative Per cent
Lack of experiece	100	40	40

Unable to spare time	75	30	70
Lack of technical knowledge	1	0.4	70.4
Difficult to manage workers	7	2.8	73.2
Heavy cost	4	1.6	74.8
Exploitation	8	3.2	78
Goodwill	5	2	80
Affordable rate	24	9.6	89.6
Experience of engineers	7	2.8	92.4
Honesty of engineers	5	2	94.4
Lack of specialization	14	5.6	100
Total	250	100	

Source: Primary Data

From the table it is found that lack of technical knowledge and experience is the prime factor held responsible for the consumers to seek the help of builders. The consumers wanted to ensure durability of the building and they feel that it is a one-time offer in the life time. As a result, the consumers don't want to take any risk by engaging themselves in the construction work. The sample respondent opined that the consumers are ready to accept the services of builders, if the builders prove that the consumers have got lack of experiences.

#### **XI. Findings**

- ✓ The Government employees and teachers constitute a major part of target consumers in the study area. The builders feel that the payment would become easy when they opt their services for Government employees.
- ✓ The builders mostly follow the outdoor display advertisements to identify the target consumers. The clients prefer those builders who give wide publicity in the local area.
- ✓ The builders used to conduct special meetings at periodical intervals in the form of 'Builders Association Meet'. They also used to conduct building exhibitions once in a year and expose the availability of new building materials and technology to would be consumers.

- ✓ The builders follow the practice of customers' retention in the study area. The builders keep in touch with the clients who have availed the services of the builders constantly and identify new customers through their existing clients.
- ✓ It is also found in the study area that the builders keep in touch with the loan agencies. They keep in touch with the commercial banks, LIC, and private financial institutions. The builders meet those who approach these agencies for housing loans and thereby identifies target consumers.
- ✓ The builders identify mostly the middle income group of consumers as their target consumers. It is because of the fact that the clients are mostly belong to salaried class. Further, the location of the study area is such that, there is no scope for higher income group of consumers to construct residential buildings.
- ✓ The builders encounter acute labour problems in the study area. In these days, labour scarcity is found very common. Migration of skilled workers from local places to far off places is the root cause for this problem.
- ✓ It is found from the study area that the builders are eager to undertake the ancillary construction business activities. They undertake supply of building materials, obtain agencies for the sale of cements and steel, and real estate promotions.

## XII. Suggestions

- ❖ The builders are expected to learn more about construction management and facility management. It must be made compulsory for the builders to obtain Diploma / Certificates on these courses, before they are given license for undertaking construction work.
- ❖ The clients' expectations is found more than their ability to pay. It is the responsibility of the builders to equalize the expectations of the clients and their ability. The ability here implies the capacity of clients to meet out the cost of the buildings.
- ❖ The builders give little attention towards the testing of soil before the commencement of the construction work. They feel that soil testing is needed for a multistoried buildings
- ❖ **THE CLIENTS NEED EDUCATION AND BE INFORMED TO USE SUBSTITUTES INSTEAD OF NATURAL WOOD FOR DOORS AND WINDOWS.**
- ❖ The supervisory part of the builders is not satisfactory in the study area. The builders employ raw hands for supervision. Effective supervision of the site work would minimize the wastage of time, material and many.
- ❖ There is no uniformity found in the preparation and execution of agreement between the builders and clients. A uniform draft of contract form be prepared and supplied to all the builders so that there would be little chance for litigation if any in the execution of the building work.

### XIII. Conclusion

The above study visibly found that there is a wide gap between the demand for builders and the existing plot owners. In the construction industry, the builders provide services to the plot owners and also meet the expectations of the plot owners. At this juncture, the builders started marketing their services through various avenues. They give wide publicity through newspapers and TV advertisements. They started marketing their services through Builders Association. The builders conduct field studies and undertake research Programme to identify the expectation of the emerging consumers. Here 'consumer' means people who wanted to construct or buy residential building for dwelling purposes. The builders undertake construction activities individually or in the form of groups or companies. From the existing scenario of construction of residential buildings, it has been identified that there is an existence of gray market for the builders. Thus, the above study has been undertaken to find out the marketing practices prevailing for the builders to meet the growing demand of would be dwellers.

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