

# Business Development Strategies Used By Real Estate Developers

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Received: February 11, 2019

Accepted: March 25, 2019

**ABSTRACT:** *the construction industry in recent times is seen to be highly competitive and dynamic. To remain progressive in such an environment construction companies need to be aggressive in terms of getting business. This is where the importance of marketing and business development comes into play. This thesis addresses the different business development strategies used by real estate developers for market diversification. Initially, a framework is established for this study through the presentation of brief history and marketing theories. Then, through literature review, four common business development strategies are identified, which are in turn later used to compare the data collected from the industry. Data are collected via surveys of general contractors. Results show that companies which satisfied majority of the four characteristics identified previously showed better growth. Further conclusions are discussed and future recommendations are also presented.*

**Key Words:** *Housing Demand, Construction Management, Growth strategies, Marketing strategies, business plan.*

## Introduction

The commercial building industry is comprised of some of the brightest and most creative architectural and engineering mind-sets. These talented professionals bring expertise and skill, thus working towards a common goal, to satisfy their client. In fact, the entire construction industry is based on the concept of Business Development strategy sure that the owner receives what he requests. Everyone in construction must be cognizant of the technology, products, financing, processes and ever-changing conditions of today's market. In order to remain progressive and forward looking, a firm's decision makers need to assume more prominent roles and incorporate Business Development strategic planning to ensure survival of their respective companies as well as the construction industry. Business Development strategy is acknowledged to play an important role in the success of a construction company in this highly competitive industry.

Table 1 Cumulative housing demand-supply

Cumulative Housing Demand-Supply In Top 8 Cities of India 2016-2018		
	Demand	Supply
Low income group(LIG)	1982	25
Medium income group(MIG)	1457	647
High income group(HIG)	717	351

The Indian government had announced that the growth of GDP has been kept at 7.36% in 2018. The most contribution towards the Indian GDP growth was the real construction companies. Most global investors want to get profit from India's booming economy. In order to make a company better, its Business Development strategic plan should be a calculated one based on the business acumen of the decision makers and the knowledge they possess collectively about the construction industry. It describes the overall business plan, including the plan for business development. A company's marketing department formulates the marketing goals and objectives that are defined in the Business Development strategic plan. The marketing department is responsible for implementing this Business development strategic plan. There are many ways of growth and expansion for a construction company, the study of everything would not be feasible in a short span. This paper is to study the Business Development strategies, the factors influencing design Business Development and the way companies implement their Business development strategic plan, so that best practices can be identified.

## Need for Study

The purpose of this study is to identify the aims to explore the reality of the strategic planning in the construction companies. The rapid trend of globalization and technological changes have made difficult for

construction companies to survive in the competitive world. Particularly, the actual global economy crises have the very strong impact on a construction sector, especially in developing countries such as India. A performance of Indian construction companies at the international markets are very low and represent a serious problem for the entire India economy. So the importance of international marketing operations increasing rapidly. International marketing strategies are not the same as the domestic strategies, but if Indian construction companies develop and establish a good Business development strategy, their success at the international markets could be much better.

The objective of this research is to explore the following aspects:

- To analyse and find out whether strategies vary with geographic regions.
- To identify if there is any conscious effort taken by companies in marketing such as a Separate department for business development for preparing the market plan.
- To improve in strategy of a company
- To identify and analyse if companies with marketing plans have higher sales growth than the ones which did not have a plan.
- To recommend ideal strategy and model combat recent government moves.

**Research Methodology**

This study contains two main parts. The first part is a general introduction of the urbanization process and globalization process of the city which is on and policies of the Residential building. The second part is a case study; which is based on analysis the development of investment strategy of Residential building Company. It is a medium size Residential building company which is only famous in a medium size city.

**A. Literature Review**

Below are some research paper with their relevancy with construction, identifying the level of benefits and interdependency for evaluating the most independent.

Table2 Literature Review-1

<b>Topic</b>	Strategic Plan to Start a Construction Firm & Sustain Growth in the Construction Sector
<b>Author Name</b>	Kamaruddin V.N
<b>Name of Journal</b>	Imperial Journal of Interdisciplinary Research (IJIR) Vol-2, Issue-12.
<b>Relevancy</b>	High
<b>Year of Publication</b>	2016

**Literature Review-1**

In this paper they give one example summary, How to start a construction firm and they give a strategic plan to start a construction firm & sustain growth in the construction sector.

In the real estate market now is the time to make move in to the construction business. In construction business requires a lot of groundwork, careful planning, advanced construction knowledge in execution, planning and management, tools for construction, knowledge about the current market situation and a whole lot of grease on hand is essential to build a firm right and maintain it to become stronger and better.

They give advantage of owning a construction business like,

- You control your own destiny;
- You can find your own work/life balance;
- You choose the people you work with;
- You take on the risk and reap the rewards;
- You can challenge yourself ;
- You can follow your passion;

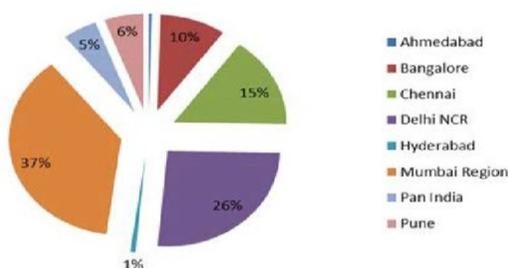


Fig. 1 Breakup of city level investment of real estate capital market

Firm strategies in the ever-changing construction sector have been the subject of research in various areas. This paper aims to analyses and present the successful firm’s common foundations and growth strategies. The contribution of this research lies in highlighting the business plan for a construction firm, the start-up summary as well as winning strategies and strategies for a sustained growth in the construction sector. Construction companies including small and max. sized, can adopt strategies which will place them firmly on the path to success. Success does not come overnight but can be fairly rapid by application of a good strategic plan. With determination, commitment and hard work, there is no doubt that one can achieve the dream of becoming one of the most successful businessmen.

Table 3  
Literature review-2

<b>Topic</b>	Construction Marketing: Developing a Reference Framework
<b>Author Name</b>	Mohammad Hassan
<b>Name of Journal</b>	Amirkabir University of Technology ,Iran
<b>Relevancy</b>	High
<b>Year of Publication</b>	23 August 2017

**Literature Review-2**

Nowadays developing a reference framework in construction marketing is necessary. So in this paper they give some reference framework for the same. Nature of marketing in the construction industry is mainly benefits of product classification in market.

Table 4  
Definition

<b>Term</b>	<b>Definition</b>
<b>Product</b>	Anything that can be offered to a market to satisfy a want or need, including physical goods, services, experiences, events, persons, places, properties, organizations, information, and ideas.
<b>Service</b>	Any action or performance one party can offer to another that is essentially intangible and does not result in the ownership of anything.
<b>Goods</b>	Physical objects or devices that provide benefits for customers through ownership or use.

Reference framework of construction marketing is shown that two types of marketing

- 1) Project-based marketing
- 2) Ongoing marketing

Table 5  
General Marketing Function

<b>General Marketing Functions</b>	
Mission and corporate objectives	Marketing analysis and audit (i) Marketing research (ii) Marketing intelligence system Forces' analysis (iii) SWOT, PEST, and Porter’s Five
Basic knowledge of construction marketing	Marketing objectives and strategies (i) Goals (ii) Segmentation and targeting (iii) Differentiation and positioning

**Managerial Implication**

The proposed framework can help senior managers and marketers get a true understanding of marketing practices and their scope within the construction industry.

- Project-based
- Relationship
- Transaction-based

Table 6  
Literature Review-3

<b>Topic</b>	Construction Marketing: Developing a Reference Framework
<b>Author Name</b>	Mohammad Hassan
<b>Name of Journal</b>	Amirkabir University of Technology ,Iran
<b>Relevancy</b>	High
<b>Year of Publication</b>	23 August 2017

### Literature Review-3

This research paper shows the Assessment of Business Development Strategies in the Nigerian Construction Industry. They give some history of Nigerian construction marketing and scenario of Nigerian construction industry. Construction companies can achieve several benefits from effective marketing, including an increase in profits, sales, and client satisfaction, developing brand identity, creating and entering into new markets, and improving customer loyalty, reputation, and overall quality. However, marketing has been either misunderstood or completely neglected in many construction companies. In this study they use Questionnaire for research methodology and using random sampling technique. Then the data collected were analyzed using percentage and One-Way ANOVA tested. They tested some strategies which are follow,

- Market Penetration
- Products/Services Branding and Packaging
- Organization/Internal Development
- People/Staff/Personnel Development
- Financial Partnership
- Diversification
- Merger and Acquisition
- Strategic Alliance
- Resource Management

### Critical Review

This critical review is define for all the literature paper. As an essential and fundamental part of construction marketing, a strategic marketing planning framework was developed, which shows the scope of construction marketing and its components.<sup>[2]</sup> This reference framework shows that construction companies are involved in three marketing working field's project-based marketing activities, RM, and marketing mix-related practices.<sup>[3]</sup> They should plan for each field and allocate adequate resources.

In terms of perspective, 56% of the papers conducted a descriptive analysis, while 20% adopted a prescriptive approach. As a result, the field of place branding and place marketing does not include many explanatory articles and many questions remain. Nonetheless, it is no longer valid to ask very general questions like Is it possible to market a location? Or Can branding techniques be applied to places?

Other factors that affect pricing strategies require a broader discussion. Analogies from similar consumer good markets indicate that pricing strategies are dependent on the types of customers in the target groups as well as the stage in the project life-cycle.

### Data Collection

Data collection in general means a plan of action which the research objectives can be questioned, and it can be classified into two types namely, quantitative approach and qualitative approach. Qualitative approach seeks to gain insights and to understand people's perceptions, or opinion towards a particular object. As well, it is used when a limited amount of knowledge about the topic are available. Quantitative approach seeks to collect factual data and to study relationship between facts and how such facts and relationships accord with theories and findings of any research executed previously. In this study both qualitative and quantitative approaches were used to get the factual information of the main strategy used in projects in Ahmadabad area at conceptual phase. As well as collecting the data from several resources, by filling a form for each project, which contains the input factors and the actual strategy of the project.

#### a. Questionnaire Design:

The questionnaire was formulated by seeing the relevant literatures in the area of strategy of Construction Company. The structured interview questionnaire is shown in Appendix A. The questionnaire was validated with experts for clarity, ease of use, and value of the information that could be gathered. The questionnaire survey is divided into two parts. The first part consists of general information like type of company, experience; value of their project etc. and the second part consists of the business development strategy.

## b. Frequency Analysis Method

A methods have been developed over the years to perform the frequency analysis (FA) of extreme environmental variables. Although numerous comparisons between these methods have been implemented, no general comparison framework has been agreed upon so far.

### Data Analysis

Here, after the data collection by questionnaire from the company who were willing to grow their company, the analysis is to be done. In data collection, the company's opinion collected through question listed out in questionnaire form. Here data analysis is carried out with the data collected. Collected data is compared with each other and percentage of responses are find out. Data analysis is done to determine the options chosen by the company. Graphical method is used with the SPSS software and frequency is calculated by the software. And final answer come maximum responses in each questions are listed in conclusion.

#### Qualitative Assessment VS Quantitative Assessment

The qualitative assessments have usually descriptive results and do not imply an accurate determination of factors. They provide support for further quantitative investigation. Successful achievement of a qualitative assessment starts from the module documentation and data collection intended for processing. Although they are considered formal quantitative assessment of quality are preferred for several reasons as follow:

- Appears to be more easily understood by policy makers and others;
- Gives the perception of ease and rapidity in achievement;
- No quantitative assessment is required or insufficient data for such evaluation;

Despite the fact that occasionally such an appraisal is not done rapidly or essentially numeric information would be desirable over formal ones, the leaders fulfil their requirement for data on the consequences of subjective evaluation. Keeping in mind the goal to guarantee coherences in the assessment of a result to the techniques apply an indistinguishable standards from the unit of information accumulation. Contingent upon how the recommendation is valued by client surveyed by subjective strategies, enhancing data can be chosen by a quantitative evaluation. That does not imply that the aftereffects of subjective examinations do not give enough data.

Then again, subjective evaluation can catch already unidentified prospects. So this review will distinguished the need of the clients and give the nearness of psyche of clients to assess the information and enhance the nature of work according to the prerequisite by the designers from this outcome. Furthermore, this will likewise help to engineers to offer their level as ahead of schedule as conceivable with assistance of this review.

Table 7  
Maximum option Chosen by The Company As a Result of Analysis

Sr. No	Factors	Maximum Option Chooses By Customers
1	Age Group	25-40 Years
2	BDS used by company	YES
3	Company plan for strategy	3-5 Years
4	Vision and Mission	80% YES
5	Short term objective	78 % YES
6	Forces affecting of market entry	COMPETITIVE, LEGAL & REGULATORY
7	Internet based technology	YES
8	Business in new geographical area	58% YES
9	To identify new & expanded organization opportunity	68% YES
10	Traditional marketing	Brochure, Newspaper ads, Direct Mail
11	Future image & branding	98% YES
12	Media kit used by company	84% NO
13	Organization used for monitoring the success	Number of new customers, Number of phone calls, Number of email requests or responses

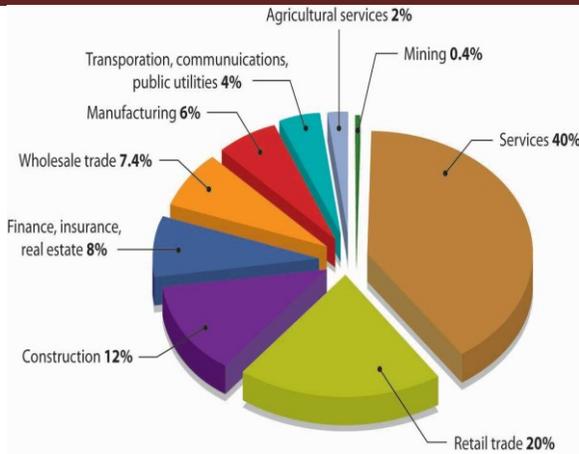


Fig 2 Types of Construction Company

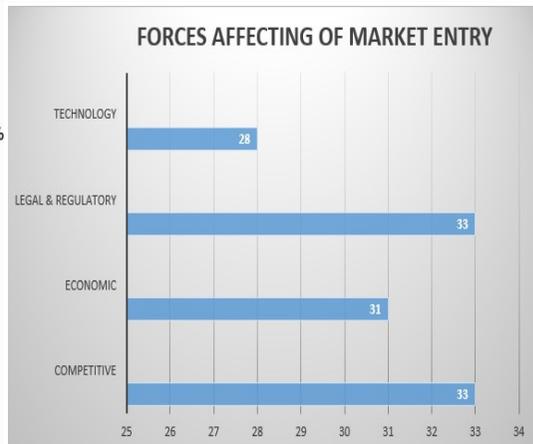


Fig 3 Forces Affection Of Marketing Entry

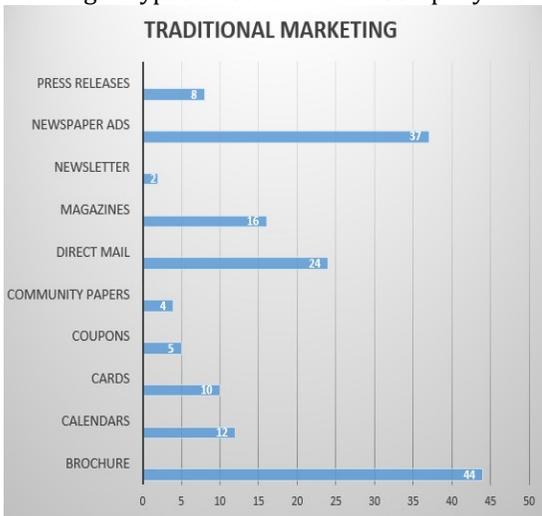


Fig. 4 Traditional Marketing

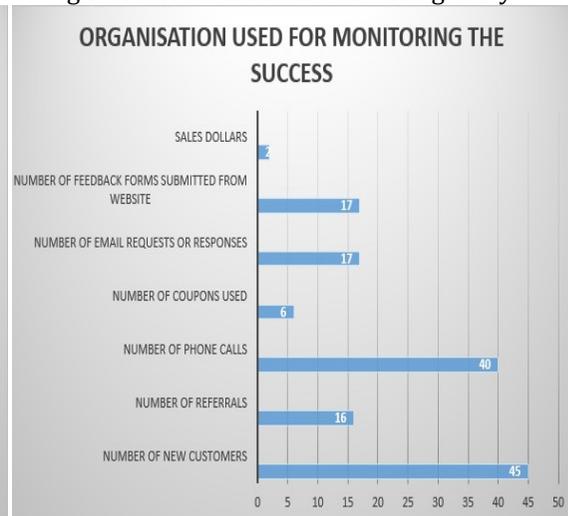


Fig 5 Organization Used For Monitoring the Success

**Competitive Advantages**

After the Competitor analysis we will find some result and the advantage of the competitive advantages are below:

- Management, speed, flexibility
- Relationships
- First/early mover advantage
- First mover in technology
- Maximize operating efficiencies
- High switching costs

**Conclusion**

The first step in the process of moving to a strategic management perspective is to determine where current strengths exist, where gaps exist, and where the priorities will be set to build upon these answers. An organization should not be discouraged if it finds one or more areas have significant gaps at the present time. Considering likelihood of occurrence and choices and evidence of mind of company for the factors are found to be most severe for the Business Development Strategy.

This study provides empirical evidence in support of the notion that a competitive advantage via the implementation of a dynamic capability framework is an important way for the real estate company to improve its organisational performance.

**A. Future scope**

Future scope of this research paper, if this Business Development Strategy study will applicable in whole Real estate company or construction industry, this will helpful for both customer and company. So that, this research paper gives advantage to both.

## B. Recommendations

- Having a competitive and technological advantage makes market entry easier because there will be lesser competition in that sector. Being an expert in specific areas and by targeting a certain segment will help the company's focus on their primary business objectives.
- Networking, or in other words personal selling, is an important aspect of getting new projects into any market. The marketing mix for services marketing consists of people and processes. Thus the people who network become an essential ingredient of the business development process.
- Customer orientation is an essential factor in relationship building. This should be incorporated into the company mission and business objectives.
- If a company knows that it is the only player in a certain market, it does not need a specific strategic plan. But long term goals are important for economic growth. This is where well planned market positioning comes into play.
- Market research is important while entering new geographic areas to know the Working style of subcontractors, regulatory issues in the area and scopes of works conducted by subcontractors.
- A good rapport with clients is a must because they may bring work to the companies even during economic down cycles.
- Companies should do SWOT analysis which should include a business forecast and this should be incorporated into the market plan.
- As one of the respondents has clearly stated, the goal is to make clients and not customers. There is more personal attachment in the former and the seller needs to gain the clients' confidence in the first few moments of contact for long lasting relationship.
- Developing separate marketing plans for different market sectors, helps to focus and plan resources for market entry.

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