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Evaluating the Strategies for Marketing Project Management System in the Nigerian Construction Industry

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Abstract. *This study evaluates the level of use of strategies for marketing project management system and their correlation with the patronage of the system. The objectives are to determine the level of use of existing strategies for marketing project management and to evaluate the effect of the strategies on the patronage of the management system. The overall aim is to promote public awareness and use of the management system. To achieve the objectives, a study involving a sample of 25 practising project managers and 25 clients was conducted. For the study, six marketing strategies namely: personal contact, referral, closed advertisement, open advertisement, registration with clients and public awareness programmes and five phases in project life cycle namely: inception, design, tendering, construction and completion were selected. Data were collected using two structured questionnaires which were administered on the study sample. The data were analysed to determine the ranking of the level and stage of use of project management system and the level of use of marketing strategies using mean item score, the test of association in the ranking of the level of use of marketing strategies between clients and project managers using t-test and the test of correlation between marketing strategies and patronage of project management system using Spearman correlation test. The results show that personal contact and referral strategies rank highest in level of use among project managers while the strategy of registration with clients ranks highest among clients. The results further show that project managers are engaged at the construction stage in majority of the study sample. Additional result is that there is a significant correlation between the use of personal contact and registration with clients and clients' use of project management. The study concludes that project managers and their clients differ in their approach to marketing and sourcing of project management services and that the strategies being adopted by project managers are inadequate for promoting public awareness and patronage of project management system. The study suggests that project managers should increase their level of use of registration with clients in order to increase the patronage of the system.*

Keywords: *client, marketing strategy, patronage, project management system and project manager.*

1 Introduction

1.1 Background of the study

Before the emergence of project management system, the traditional contract management system whereby a project architect provides both architectural services and project leadership functions remains the dominant project procurement management practice. Researchers criticised the system noting that the practice had several shortcomings (Chartered Institute of Building, 1996; Rowlinson and Newcombe, 1986; Ojo *et al.*, 2000; Ling *et al.*, 2004). Chartered Institute of Building (1996) asserted that the traditional approach whereby the architect led a project was completely inadequate for the present requirements of project delivery and that the prime objectives of incorporating the architect's managerial functions in projects are neither successful nor satisfactory. Researchers also discovered that the traditional contract system recorded 70% cost-overrun, a figure higher than the percentage overrun recorded for other procurement systems (Robinson and Newcombe, 1986). National Economics Development Office (1983) reported that a high percentage of projects were completed faster when other procurement systems were used than when the traditional contract system was used. Several other researchers also attested to the shortcomings in the traditional contract system (Ojo *et al.* 2000; Ling *et al.* 2004). With these shortcomings, project management was developed to solve the numerous problems encountered in the traditional contact procurement and management system. However, the awareness and use of the system as reported by Patunola-Aiayi (2005) is still very low in Nigeria.

The attempt to promote an awareness and use of project management system prompts this study which evaluates the effects of marketing strategies on the patronage of project management system in the Nigerian construction industry.

1.2 Aim and objectives of the study

The objectives of this study are to determine the level of use of existing strategies for marketing project management system and the correlation between them and the patronage of the system. The overall aim is to proffer appropriate strategies for improving public awareness and use of the management system.

1.3 Variables of the study

Four variable groups namely: project delivery management system, project managers' experience, marketing strategy and project delivery stages were selected for this study. Project delivery management system was defined by four management systems: project management, traditional contract management, construction management and labour-only contract management. Project managers' experience was defined by the number of years in professional practice. Marketing strategy was defined by four variables: personal contact, referral, open advertisement, closed advertisement and awareness programme. Project delivery stage was defined by five variables: inception, design, tendering, construction and completion/handing-over.

1.4 Hypotheses of the study

To achieve the objectives of the study, three hypotheses were postulated as follows:

- H1: There is no significant agreement in the ranking of the levels of use of strategies for marketing or sourcing project management services between clients and project managers
- H2: There is no significant correlation between project managers' experience and use of marketing strategies
- H3: There is no significant correlation between clients' level of use of marketing strategies and patronage of project management system.

1.5 Previous studies

Project management is regarded as the most prominent procurement management system worldwide (Franks, 1990; Patunola-Ajayi, 2005). Researchers described the management system in several ways. Some regarded the management system as a procurement system where the client appoints consultants to manage a project for a fee (Shearer, 1999; Hisrich, 2000; Ogunsanmi and Bamisile, 1997; Ling *et al.* 2004). The UK Association of Project Management (APM) regarded the management system as the discipline of managing projects successfully (APM, 2000). By this description, APM emphasized the importance of success which is the end result of the management system in the tasks of project managers. In its perception, the association does not identify failure with the management system. Project Management Institute is however not concerned with end result but the functions or services rendered through the management system. It defined project management as the application of knowledge, skills, tools, and techniques to project activities to meet project requirements (PMI, 2000). Chartered Institute of Building (1996) described project management as a system that involves the overall planning, co-ordination and control of a project from inception to completion that is aimed at meeting client's requirements and ensuring completion on time, within cost and to required quality standards. British Standard Institute supported the emphasis on project management functions in describing the management system. It defined project management as planning, monitoring and control of all aspects of a project and the motivation of all those involved in it to achieve the project objectives on time and to the specified cost, quality and performance (BSI, 2002). Lock and Harrison (2004) on their part are most interested in the human factor in project management system. The duo described project management as the achievement of project objectives through people and involving organization, planning and control of resources assigned to the project. Kelly and Male (2005) made attempt to marry the three schools of thought (functions, human factor and results) in their view about the management system. They described project management as planning, monitoring and control of all aspects of a project and the motivation of all those involved in it to achieve the project objectives on time and to the specified cost, quality and performance. The inclusion of all aspects of

a project by the British Standard Institute (BSI, 2002) and Kelly and Male (2005) suggests that project managers should be engaged to manage a project from inception to completion and sometimes beyond.

Marketing is seen by many as the secret of every successful business concern. Markides (2004) described marketing as the ability to create and keep profitable customers. This description suggests that a market is defined by customers and that to get new and retain existing customers are vital to the success of a firm. Osuagwu (2002) described marketing as a total system of business activities designed to plan, price, promote and distribute wants that is satisfying goods and services to potential customers and clients. Onah and Thomas (2004) regarded marketing as the set of activities by which demand for goods, ideas and services are managed in order to facilitate exchange process satisfactorily. The duo identifies production, marketing and consumption as the three units in a marketing process. Marketing is a management process responsible for identifying, anticipating and satisfying customers' requirements profitably. Every organisation has to develop a strategy for creating and keeping profitable customers. This is described as marketing strategy. Cravens and Piercy (2003) defined marketing strategy as a deliberate effort to locate a firm's product within a market. It consists of analysis, adoption and implementation activities in developing a vision about the market(s) of interest to an organisation, selecting targets, setting objectives and developing and managing the marketing programme and positioning strategies designed to meet the value requirements of the customers in each market target.

Project management is like any other business concern that is done for the purpose of profit making. To achieve this business objective, project managers must locate their customers and win their patronage. To do this will require that they adopt a marketing strategy. Concerns have been expressed in the past over the problem of conceptualizing the marketing of professional services in the construction industry. Shearer (1999) viewed marketing in the construction industry as essentially the selling of promises because the client is being asked to buy something that does not exist. Instances existed where professional bodies in the construction industry regulated, restricted or prohibited in entirety the marketing of professional services. Despite these problems, some professionals and practitioners in the industry still engage in marketing activities. Hisrich (2000) identified such promotion activities to include advertising, personal selling or contact, public relations and promotions.

2 Research methods

To achieve the objectives of this study, a field survey involving a sample of 25 project managers and 25 clients was conducted. The study sample was selected by purposive sampling technique. In the technique, clients were selected from organisations made up of Federal and State governments and corporate organisations who have procured projects by project management system. Project managers were selected from practising consultants who render project management services.

Two structured questionnaires administered on the two categories of subjects served as the tools for data collection. Data were collected on the stage when a project manager was appointed in one of the projects procured by the selected clients. Data collected were analysed to determine the ranking of the levels of use of marketing strategies, the level and stage of use of project management system using percentage and mean item score. The association in the ranking of the levels of use of marketing strategies between clients and project managers was tested using t-test. The correlation between the levels of use of marketing strategies and project management system by clients was tested using Spearman correlation test.

3 Data analysis and results

The thrust of this study is to determine the level of use of existing strategies for marketing project management services and whether or not significant correlation exists between the use of the strategies and the patronage of project management system. To achieve this, data collected were analysed as follows:

3.1 Stage when project management system is used in project delivery

To understand the levels of acceptance and use of project management system, the stage when the system was used or when project managers were appointed in project delivery was investigated. For this investigation, five stages namely project inception, design, tendering, construction and completion/handling-over were selected. Data collected were made up of the number of project managers in the sample appointed at each project delivery stage. Analysis was done to determine the percentage of project managers appointed in each stage. The results of the analysis are presented in Table 1.

Table 1. Percentage of project managers appointed at project delivery stages.

Project delivery stage	Project manager		Rank
	Number	%	
Construction	13	52	1
Inception	7	28	2
Design	4	16	3
Completion	1	4	4
Tendering	0	0	5
Total	25	100	

The result in Table 1 reveals that project managers are appointed at the construction stage in majority (52%) of the sample. This is followed by inception (28%), design (16%), completion and tendering stages. The implication of these results is that project managers only rendered full professional services in minority (28%) of the study sample. In majority of the sample, they were appointed to manage the construction stage of projects. In other words, project managers were misconstrued to be construction managers and were prevented from rendering professional services at the inception, design and tendering stages of projects.

3.2 Levels of use of project delivery management systems

Four project delivery management systems namely traditional contract management, project management, labour-only management and construction management were investigated to determine their levels of use. The level of use of the management systems was measured using five ranks namely: not at all, rarely, sometimes, usually and always. These ranks were weighted 1, 2, 3, 4 and 5 respectively. The analysis of the Mean Item Score (MIS) was done to determine the ranking of the level of use of the management systems. The results are presented in Table 2.

Table 2. *Ranking of the level of use of selected project procurement management systems.*

Management system	Mean item score	Rank
Project management	0.60	1
Traditional contract management	0.57	2
Construction management	0.54	3
Labour-only contract management	0.52	4

The analysis shows that project management system (MIS = 0.60) ranks first in level of use of project delivery management systems. Traditional contract management system (MIS = 0.57) ranks second while construction management system (MIS = 0.54) and labour-only management system (MIS = 0.52) rank third and fourth respectively. This result shows that although project management system is relatively new in Nigeria, clients' preference and use of the system among the selected project delivery management systems is the highest. This result agrees with the results of previous studies that project management is the most prominent project delivery management system worldwide (Franks, 1990; Ogunsanmi and Bamisile, 1999).

3.3 Level of use of strategies for marketing project management

The evaluation of the level of use of strategies for marketing project management involves the measurement of the frequency of use of six selected marketing strategies namely: personal contact, referral, closed advertisement, open advertisement, registration with client and awareness programmes by clients and practising project managers. The frequency of use was measured using five ranks namely: not at all, rarely, sometimes, usually and always. The ranks were weighted 1, 2, 3, 4 and 5 respectively. The data collected were analysed to determine the ranking of the level of use of the six selected strategies for marketing project management using mean item score. The results are presented in Table 3.

Table 3. Ranking of the level of use of selected strategies for marketing project management.

Marketing strategy	Project Manager		Client	
	MIS ^{*)}	Rank	MIS	Rank
Personal contact	0.86	1	0.61	2
Referral	0.74	2	0.55	3
Open advertisement	0.62	3	0.46	5
Closed advertisement	0.61	4	0.47	4
Registration with client	0.61	4	0.62	1
Awareness programme	0.49	6	0.43	6

^{*)} MIS=Mean item score

The results in Table 3 reveal that personal contact ranks first in level of use among project managers (MIS = 0.86) but ranks second among clients (MIS = 0.61). Referral strategy ranks second in level of use among project managers (MIS = 0.74) but ranks third among clients (MIS = 0.55). Open advertisement strategy ranks third in level of use among project managers (MIS = 0.62) but ranks fifth among clients (MIS = 0.46). Closed advertisement ranks the same (fourth) in level of use among project managers (MIS = 0.61) and clients (MIS = 0.47). The strategy of registering with clients for patronage by project managers ranks fourth in level of use among project managers (MIS = 0.61) but ranks first among clients (MIS = 0.62) while the strategy of seeking patronage through awareness programmes ranks last (sixth) in level of use among both project managers (MIS = 0.49) and clients (MIS = 0.43).

The results show that the strategy most preferred by clients for engaging the services of project managers (registration) is one of the least preferred by project managers. The result implies that clients prefer consultants who are registered with them for patronage. This strategy is commonly used in Nigeria for selecting contractors. The implication of the result is that many project managers are unlikely to reach out and get patronage from clients unless they adopt the strategy of registering with clients.

The results also show that personal contact and referral strategies are next to registration strategy. These strategies require that project managers should have informal relationship with clients. They tend to indicate that clients wish to have a good knowledge and greater relationship than the formal client-consultant relationship with the project managers that they will patronise. This expectation is further confirmed by finding that the levels of use of open and closed advertisement and awareness programme which may not require any previous or informal relationship are the least preferred strategies by clients.

3.4 Agreement in the ranking of levels of use of marketing strategies between project managers and clients

In order to determine whether or not the differences in clients' and project managers' preferences for the strategies of marketing project management are significant, the study proceeds to test for agreement in the ranking of the level of use of marketing strategies between project managers and clients. The data used for the test consist of the ranks of the level of use of the marketing strategies by

project managers and clients. For the test, the first hypothesis which states that there is no significant agreement in the ranking of the level of use of selected marketing strategies between project managers and clients is tested using t-test at $p\text{-value} \leq 0.05$. The result is presented in Table 4.

Table 4. Test of agreement in the ranking of the level of use of marketing strategies between clients and project managers.

Variables compared	Rs	t _{calculated}	t _{table}	p value	Decision
Ranking of levels of use of marketing strategies by clients and project managers	0.5714	1.393	2.132	Sig<0.05	Accept

The result in Table 4 shows that the critical t-value (2.132) is greater than the calculated t-value (1.393) therefore; the hypothesis is accepted. This result implies that there is no significant association in the rankings of the levels of use of the strategies for marketing project management between clients and project managers. This result implies that significant difference exists in the ranking of the use of marketing strategies between project managers and clients. The result of the test indicates that clients' preference on the strategies of engaging project managers is different from project managers preference on the strategies of reaching out to clients.

3.5 Correlation between the use of marketing strategies and project managers' experience

One of the research interests of this study is to determine whether or not younger practitioners of project management use different marketing strategies from their older counterparts. For this purpose, analysis is done to test the correlation between project managers' experience and their level of use of the six selected marketing strategies. Project managers' experience is measured by the number of years of professional practice in project management while the use of marketing strategies is measured as described earlier.

For this purpose, the second hypothesis which states that there is no significant correlation between project managers' experience and the use of marketing strategies is tested using Spearman correlation at $p\text{-value} \leq 0.05$. The result is presented in Table 5.

Table 5. Correlation between the level of use of marketing strategies and project managers' experience.

Variables compared	Number	Correlation value	p-value	Decision
Personal contact & PMs' experience	25	0.093	0.761	Accept
Referral & PMs' experience	25	0.311	0.291	Accept
Closed advertisement & PMs' experience	25	0.407	0.085	Accept
Open advertisement & PMs' experience	25	0.247	0.429	Accept
Registration with client & PMs' experience	25	0.009	0.942	Accept
Awareness programmes & PMs' experience	25	0.097	0.752	Accept

The results in Table 5 show that the p-values (0.761, 0.291, 0.085, 0.429, 0.942 and 0.752) for correlation between the professional experience of project managers and the levels of use of personal contact, referral, closed and open advertisements, registration with clients and awareness programme are greater than 0.05 (critical p-value) therefore, the hypothesis that there is no significant correlation between the professional experience of project managers and the level of use of marketing strategies is accepted. The results indicate that the professional experience of project managers in Nigeria has no correlation with the use of the six selected marketing strategies that is young project managers use the same strategies as the old practitioners to market their professional services.

3.6 Correlation between clients' levels of use of marketing strategies and project management system

To determine whether or not the levels of use of marketing strategies influence the patronage of project management system, the test for correlation between the levels of use of the six marketing strategies and the patronage of project management by clients is carried out. The level of use of marketing strategies was measured as indicated above while the patronage of project management system was measured as the percentage of projects managed by project management system to total projects procured by clients. For the purpose of the test, the third hypothesis which states that there is no significant correlation between clients' use of marketing strategies and project management system is tested using Spearman correlation at critical p-value ≤ 0.05 . The result is presented in Table 6.

Table 6. Test of correlation between clients' level of use of marketing strategies and project management.

Variables compared	Number	Correlation value	p-value	Decision
Personal contact & project management	25	0.336	0.036	Reject
Referral & project management	25	0.302	0.089	Accept
Closed advertisement & project management	25	0.219	0.218	Accept
Open advertisement & project management	25	0.271	0.138	Accept
Registration with client & project management	25	0.334	0.041	Reject
Awareness programme & project management	25	0.141	0.339	Accept

The results in Table 6 show that the p-values for correlation between the percentage of projects managed by project management system and the levels of use of referral (0.089), closed advertisement (0.218), open advertisement (0.138) and awareness programme (0.339) are greater than 0.05 (critical p-value). By this result, the hypothesis that there is no significant correlation between the levels of use of marketing strategies and project management system by clients is accepted. The results indicate that the levels of use of the four strategies of marketing project

management services do not have any significant relationship with clients' patronage.

The p-values for correlation between the percentage of projects managed by project management system and the levels of use of personal contact (0.036) and registration with clients (0.041) are less than 0.05 (critical p-value) therefore, the hypothesis is rejected. The result indicates that the levels of use of personal contact and registration with clients have significant correlation with clients' patronage of project management system. The result tends to imply that whenever the project manager being considered for a project is registered with the client or has a personal contact with the client, the chances of appointing him and adopting project management system is higher. This result reinforces the earlier result that the two strategies are the most preferred by clients.

4 Discussion of findings

The result of the level of use of project management system is a manifestation of clients' awareness and readiness to adopt the system. However, the result of the stage when project managers are appointed is a clear indication that the management system is not being adopted to manage the entire project delivery lifecycle. Practices whereby another party manages the project inception and/or tendering stages and the project manager is engaged to manage the remaining stages may cause leadership and management conflicts and prevent the project manager from rendering full project management services. This may prevent clients from getting the full benefits of project management system.

The results of the ranking of the levels of use of marketing strategies by project managers and clients and the test of agreement in their rankings confirm that the media that projects managers adopt to reach out to clients are different from those adopted by clients in appointing projects managers. If clients appoint project managers from the list of consultants who register with them and project managers rely most on personal contact to get patronage, the tendency is that project managers may not get adequate patronage. Other consultants apart from project managers who are registered with clients may be appointed to render project management services.

The result of the correlation between the use of marketing strategies and project managers' experience shows that younger project managers rely on the same personal contact being used by their older counterparts to reach out to their prospective clients. The latter practitioners are most likely from related professions like architecture, engineering and estate surveying and they possess longer experience in project delivery than the former (Patunola-Ajayi, 2005). However, they do not possess the required training in project management. This latter group of consultants also has longer association with clients than the former group. Relying on personal contact will therefore give them greater advantage in patronage over the younger practitioners who are professional project managers.

Furthermore, the finding on the project delivery stage at which project managers are appointed is probably the reason why project managers rely on personal contact. A situation where project managers are engaged at the tendering

or construction stage will require them to contact other professionals who are already engaged and who can have considerable influence on the decision of the client on whom to appoint as project manager

The findings on the correlation between clients' use of marketing strategies and project management system indicate that the use of personal contact and registration with clients are significantly correlated with clients' use of project management system. This finding implies that the use of the two strategies by project managers will enhance their patronage and promote the patronage of project management system by clients.

5 Conclusion

It has been confirmed in this study that project managers are not always engaged at project inception in the Nigerian construction industry as expected. This development has contributed to high reliance on personal contact in marketing project management system. The development may not promote the growth, development and patronage of the management system. It is necessary for project managers to educate clients on the need to engage their services right from project inception.

Furthermore, the study has established that clients in the Nigerian construction industry rely most on appointing project managers from the list of those who register with them while project managers rely most on personal contact. Since registration is the system that clients prefer, the conclusion in this study is that project managers do not adopt the strategy that clients adopt to engage project management services. Based on this finding, the study suggests that project managers should adopt the strategy of registering with clients in addition to personal contact in order to get more patronage.

In addition, professional project managers have to embark on awareness programmes on project management practice among the public especially clients to understand the right procedure and stage for adopting the management system in project delivery. It is only such programmes that will promote the patronage and proper practice of the management system and give project managers their rightful place in project delivery in the Nigerian construction industry.

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