The challenges and opportunities in marketing the QS practice in Malaysia

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The challenges and opportunities facing quantity surveying practices is the focus of ongoing research looking at how QS firms can develop and improve their strategic marketing approaches given increasing domestic and international competition, proliferation of cost management and other services and the possible liberalisation of the profession with regard to advertising and marketing. This paper will identify whether quantity surveyors are equipped to develop their marketing and business development strategies. It will also attempt to identify what the future marketing challenges will be. Preliminary results show that quantity surveying practices that are working for increasingly private sector clients are possibly more developed in terms of their approaches to marketing than those still working predominantly for the public sector. The research is giving an insight into the organization and strategies being employed by firms. In addition, it is attempting to identify the influence of marketing on public and private client decision-making.

KEYWORDS: marketing, quantity surveying, Malaysia

Introduction

Marketing is defined by the Chartered Institute of Marketing as “the management process responsible for identifying, anticipating and satisfying customer requirements profitably”. Whereas Macnamara (2003) gives an all encompassing definition that describes marketing as all activities that are involved in obtaining future work, from the strategic analysis and planning, to staff enthusiasm and performance, the service delivery and customer feedback. According to Morgan and Morgan (1991) in Bowen and Rwelamila (1995),
marketing within the professional sector is considered at worst as an alien concept, and at best as a new development that is viewed with skepticism. In addition, it is important to notice that the marketing is not only about selling and advertising anymore. Those terms are only considered as the tip of the marketing iceberg and are part of a larger marketing mix which is a set of marketing tools that work together to affect the market place (Kotler & Armstrong, 2001).

The traditional technical and professional services of quantity surveyors relates to tender documents, tender appraisals, valuation and preparing and agreeing final accounts. These services have been the backbone of income for the majority of QS practices. However, within the last decade there has been a shift in approaches to procurement. There has been an increased move towards a one-stop, integrated philosophy in the delivery of construction. A decline in use of the traditional method of procurement presents a number of challenges for the QS profession. The QS sector has not stood still during this period of change. The profession has moved towards developing new services with a focus on risk management, value management, legal and environmental services. The development of these has been a response to changes demanded by the major procuring clients (Page et.al. 2004). The services provided by the profession is no longer restricted to the traditional forms. New services and greater competition from within and outside the profession demand a more effective approach to marketing.

In the past the construction sector has often been criticised due to the low priority and inadequate attention paid to the marketing function (Yisa et al., 1995). The quantity surveying profession has become more competitive with practices diversifying the services that they are offering and with an expansion of more demanding clients in both the public and private sectors. There is a need for practices to develop more effective marketing and business development strategies (Yoke Mui & King Keong 2001)

Consultants need to recognise that the client base is changing and is likely to continue to change. Firms more likely to succeed will be those that add value to clients’ through excellence of performance and innovation,. As clients continue to focus on established business relationships with compatible firms, effective marketing is important, with significant emphasis required on the considerations of the needs of the client.

Major transformations in the environments of all professions are leading many professional service organizations down new paths (Kotler, 2002). Koren (2004) states that the marketing of professional services is a continuous ongoing process of using communication to develop business.

**Marketing in the business-to-business sector**

Industrial and organizational marketing is formally defined “as the performance of business activities which facilitate exchange processes between producers and organizational customers, the purpose of which is to create value for customers with
goods and services that address organizational needs and objectives” (Filiatrault & Lapierre, 1997, p.214).

“Business-to-business markets differ from consumer markets in many ways: fewer and larger buyers, often geographically concentrated; a derived, fluctuating and relatively inelastic demand; many participants in the buying process; professional buyers; a closer relationship; absence of middlemen; reciprocity; technological links and others. Business-to-business services can even, and often do, influence the management practices of their clients” (Filiatrault & Lapierre, 1997, p.214). The key differences between consumer and construction marketing are in the nature of the long-term personal and professional contact that is required in the marketing of construction activities, while the most effective form of contact for consumer goods are mass advertising and promotional activities (Pettinger, 1998). In addition, loss of a single sale to a construction company can cause a significant and direct financial impact, while repeat business and long-term client relationships may involve no more than two or three contracts per decade (Pettinger, 1998).

Preece & Moodley (1996a) defines the client expectations as what they desire, hope, or anticipate from contractors’ service. In order to implement a successful marketing, it is vital to know and appreciate what the client’s expectations are and where their priority lies (Pettinger, 1998). It is suggested that the best way to master this successfully is to go out and meet with potential clients and ask them (Pettinger, 1998).

Client expectations are based on the following criteria (Pettinger, 1998):

- **Price, quality, value, volume, time**: the contractor is expected to produce and deliver the promised facility according to the agreed, time, price and quality.
- **Suitability**: that which was proposed at the outset is actually, what is delivered at the end.
- **Responsibility**: this suggests that the client does not expect the false excuses.
- **Problem solving**: at the outset of contract, the parties, as far as possible, who is the responsibility for specific problems as they arise. However, it is important to avoid to get involved in claims and disputes.
- **Confidence**: client’s confidence is based on integrity, credibility and expertise and demonstrating that what has been promised is actually delivered.

The Importance of A Marketing Intelligence System

Many scholars have highlighted the importance of effective marketing intelligence to strengthen the useful application of market plan and support the marketing efforts in construction (Preece & Male, 1997; Gladden & Olitt, 1996; Morgan 1991; Fellows & Langford, 1993, cited in Mochtar & Arditi, 2001, p.144).

A marketing intelligence system is a set of procedures and sources used by managers to obtain their everyday information about pertinent developments in the environment in which they operate - supplying data about the market (Kotler, 2003). Another definition
of marketing intelligence system is that it is a system for capturing the necessary information for business marketing decision making (Hutt and Speh, 1989, cited in Mochtar & Arditi, 2001, p.141).

Marketing research is the process of obtaining and evaluating information on the market and includes the investigation of economic, political, and social trends (Pearce, 1992). An opportunity analysis is carried out on each of the trends, especially growth prospects, major players, typical forms of procurements and so forth, with a view to identifying where the best prospects for future project opportunities lay (Vernea, 2003).

In the current climate of changing professional roles and status within the construction industry, the marketing of quantity surveying and other construction-related professions has taken on added performance. The marketing of professional services is a difficult task, as it involves selling a service rather than a product. As quantity surveyors look to diversify the services they offer, it is necessary for them to recognize their specific strength and weaknesses and those of their competitors (Ashworth and Hogg, 2007).

Key Issues in Construction

The environment of the construction sector in most countries is one of extreme competitiveness, with high risks and generally low profit margins when compared to other areas of the economy” (Mochtar & Arditi, 2001, p.140). Thus, firms need to confront competitive forces by differentiating their offers. According to Kale & Arditi (2001) businesses can differentiate themselves by deploying a range of competitive methods including competing on the basis of price, innovation, quality, and schedule. Differentiation can enable a firm to outperform its rivals (Kale & Arditi) but focus must be on a deep understanding of how the company provides satisfactory services to its clients (Murdoch & Hughes, 1996).

Traditionally, “the… profession is known to be conservative in reacting to evolutions and new changes” (Cheah, et al., 2005, p.106). It can be seen as the consequences of inadequate investment in training, research and development within the industry. Research in the UK has have revealed how a lack of investment in training research and development in order to meet the ever-higher, growing and sophisticated demand from customers (Bower, 2003). The fluctuating and uncertain nature of construction demand causes difficulties for the typical small and medium construction enterprises (SMEs) to not only employ large numbers of workers on more permanent basis but also maintain high levels of training and staff development (Bower, 2003).

Clients are diversifying in organisational structure and managerial styles and the market will force the changes on the construction industry (Smyth, 2000). Smyth (2000) suggests that the winner will be those who embrace change, encourage further change and carve out the territory on their own terms. Thus, there is a need to achieve a balance between strategic oversight and practical outworking of marketing involves providing opportunities to reflect on the day-to-day activities, learning from mistakes and
shortcomings (Smyth, 2000). “More than this, it is of great significance to implement dynamic and evolving sales efforts, sales systems which respond to client needs, add real service value for the client and deliver actual competitive advantage for the consultant or contractor” (Smyth, 2000).

In addition, marketing of overseas operations has become an increasingly important activity for international construction enterprises, which have to vigorously promote their services and products both at home and abroad. Hand (1998, p. 55, cited in Hall, 2002) suggests that until recently, ‘marketing’, as a separate business activity, was largely an unnecessary: “[a] well known name and a good estimating department was basically all that was required to win international construction work”. However, the international construction client base has changed; and the clients are less likely to be multi-lateral funding bodies and government organisations and more likely to include developers, financial organisations and other construction enterprises (Chapman, 1998, cited in Hall, 2002). “Additionally, the market is no longer the preserve of firms from the developed world. Construction companies from developing and ‘emerging’ regions of the world have firmly established themselves in the international marketplace and are vigorously competing for their own market shares” (Hall, 2002, p. 2).

Whether persuading work in domestic markets or overseas, construction organisations have had to face the fact that their client groups now have a greater range of choice than ever before; and thus it is essential that companies enhance their ability to present their expertise to influence the client to buy from one organisation in preference to others (Pettinger, 1998). This depends largely on the quality and professionalism of marketing.

**Marketing Professional Service Firms**

Young (2005), states that the professional services industry is one of the largest and most diverse sector of modern economies. The common attribute that all the firms within it share, whether they are business to business or consumer-oriented business, is that the professional skills form the basis of what they offer to clients and the qualifications needed are generally the barrier to entry for aspiring newcomers. How each firm approaches the market and the processes it develops, however, differ according to its skill set, size, the organizational structure and the type of project it takes on.

Lim and Yap, (2003) highlighted that the professional services are constantly changing and expanding, in response to client demand and evolution of new technology. Clients are always seeking either a highly specialized or personalized service from a number of sources or a wide range of skills from a single source. The intensification of competition for Quantity Surveying services have lead to management and marketing expertise becoming as important as pure technical skill.
As stressed by Bowen and Rwelamila, (1995), further research within the marketing of professional quantity surveying services field is absolutely necessary, thus this study is carried out with the intention of focusing on the marketing of professional services of quantity surveying consultancy practices specifically in Malaysia for there is currently a lack of empirical study carried out on this topic.

The competition in obtaining projects is rapidly increasing in the construction industry. As identified by Low and Kok (1997), the clients of the construction industry have become more discerning as well as demanding on the quality and timeliness of the services they receive due to the improvements in education, advancement in technology and the increase in affluence in society. Smyth (2000) recognized the clients service expectations of consultants to be; personal trust sought, has an understanding of the clients, has common interests, and is reactive and spontaneous. On the other hand, the clients have reported dissatisfaction with consultants on specific areas where the consultants have lack of understanding the client’s needs, lack of flexibility and innovation, lack of tangibility as well as poor value for money.

Thus, the marketing strategies carried out by professional consultancies suggest to play a significant role in the client’s selection of his preferred consultants in order to obtain the most appropriate and quality professional service. Ajanlekoko (2000) in Lim and Yap (2003) has suggested that there is a need for the professionals to promote themselves proactively in the relentless search for business opportunities. However, Macnamara (2003) has stated that the construction industry has been slow to appreciate marketing as a tool to improve market shares, and sales or profitability. According to Low and Kok (1997), in today’s competitive marketplace, quantity surveyors must now realize that their services, regardless of how good these are, simply do not sell automatically. Quantity surveyors can no longer wait for clients to come by themselves. Although aware of the need to improve the way their services ought to be promoted, many quantity surveyors still do not seem to pay enough attention to marketing.

Macnamara (2003) has found out that the benefits of an organized, client-focused approach to marketing have been defined as increased profits, reduced uncertainty and the generation of new businesses. Marketing makes a critical combination in the process of finding new and sustaining old customers, as well as ultimately achieving long-term business success (Preece, Moodley and Brown, 2006). Collard (2003) further clarifies that if marketing is carefully planned and implemented it can be extremely effective and entirely accountable for its annual budget.

Therefore, marketing should be viewed as an essential ingredient in the building and maintenance of a rewarding and profitable professional quantity surveying practice. Nevertheless, many quantity surveyors have misinterpreted what marketing is all about. Some see it as manipulative, wasteful, intrusive and unprofessional, while others will equate marketing primarily as just plain advertising and selling (Low and Kok, 1997), (Lim and Yap, 2003). This statement is supported by Collard (2003) where he states that marketing is often perceived as an intangible, non-measurable activity, primarily an overhead and any time spent on non-fee earning activity is essentially ‘wasting’
resources. These beliefs have made it difficult for marketing to gain acceptance outside of the conventional business world (Lim and Yap, 2003).

**QS Practices in Malaysia – The Marketing Challenges**

In Malaysia, the profession of Quantity Surveying is governed by professional bodies, i.e. the Board of Quantity Surveying Malaysia (BQSM) under the Quantity Surveying Act 1967 (with Amendments 2002), which administers the Quantity Surveyors professional conduct. Strict rules, associated with advertising and sales promotion (Circular No. 2/93), are imposed on members to refrain them from canvassing for business. This is because active advertising and sales promotion are often regarded as placing the professional service in an unprofessional atmosphere (Lim and Yap, 2003).

Currently, a popular way of implementing marketing is via the internet. In this age of the internet, the usage of websites to match skills and market needs should be utilized to the fullest. CSM (2000) in Lim and Yap (2003) has highlighted that Quantity Surveying firms which include completed projects in their websites will enable potential clients to match their proposed projects and needs with the firms experience. Yet, the registered Quantity Surveyors must remember and adhere to the Guidelines on the use of Home Page on the World Wide Web (Circular No. 5/98) published by BQSM in order to ensure the professional Quantity Surveyor does not contravene the provisions of Quantity Surveyors Rules 1967 (with Amendments 2004). These restrictions imposed may cause limitations to the professional Quantity Surveyor to carry out their marketing strategies or techniques.

According to the research carried out by Bowen and Rwelamila (1995) regarding marketing of professional services by quantity surveying practices in South Africa, it can be seen that prohibition of advertising and marketing by professional quantity surveyors was only until the year 1985, where any infringement of this prohibition would lead to a disciplinary hearing and sanction by the South African Council for Quantity Surveyors. Since then, the council has amended the regulations where advertising and marketing is permitted as long as such activities are ‘professional’, not self-laudatory and does not praise one practice above another. In the United Kingdom, Newcombe, Langford and Fellows (1990) in Macnamara (2003) affirmed that consultant practices have had to become more market oriented due to the lifting of codes of practice to allow competition.

In view of above, Lim and Yap, (2003) suggest that professional bodies which govern the Quantity Surveying professional bodies in Malaysia must re-evaluate their regulations on marketing activities by the members. Alternatively, the professional institution could promote and educate the public on its services on behalf of its members, so as to release its members from dependence on other professions. There is a significant lack of information on the marketing and business development strategies and techniques of quantity surveying practices in Malaysia. An important question is how strategies are being developed and whether the level of activity is increasing in response to a highly competitive market environment. Given possible future liberalization of regulations
regarding the marketing/advertising of quantity surveying services in Malaysia, this paper will identify whether quantity surveyors are equipped to develop their marketing and business development strategies. It will also attempt to identify what the future marketing challenges will be.

**Research Method & Results To-Date**

This research was commenced in September 2007 and consisted of a self-administered exploratory questionnaire. The survey was designed to provide information on the background and organization of marketing, the strategies, tools and techniques being employed and how QS practices perceived that their marketing approaches may change given the development of new services or challenges of greater competition in the future.

QS practices in the Klang Valley area of Malaysia were surveyed. From a total population of 100, 27 practices responded to the survey and the number of employees of the practices ranged from 6 to 100.

The research questions related to the areas identified in the literature review and the specific issues relating to QS practices in Malaysia. These covered background issues such as the size and organization of the practices and who their clients were i.e. public or private sector. Details were also gathered on the respondents i.e. their job titles and roles in the practice. Other more specific questions related to the attitudes of the respondents to marketing, strategies and techniques being employed and whether practices use the services of marketing consultants/agents. The key issues to be identified include how important the respondents felt marketing was, the primary objectives of the firms and the marketing and promotional techniques being used and their perceived relative importance. The final questions related to what the respondents believed their clients were looking for and what marketing activities were seen to be influential.

Table 1 shows the size of practice according to numbers of employees, average turnover and value of public and private sector projects.

<table>
<thead>
<tr>
<th>No of Employee</th>
<th>% Sample</th>
<th>Project Value</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Public</td>
</tr>
<tr>
<td>50+</td>
<td>17%</td>
<td>18%</td>
</tr>
<tr>
<td>20 to 49</td>
<td>46%</td>
<td>71%</td>
</tr>
<tr>
<td>19+</td>
<td>37%</td>
<td>66%</td>
</tr>
</tbody>
</table>

As may be seen from the table, the biggest percentage of private work is being carried out by the largest firms in the sample.
Respondents from the survey includes the Directors/Associate/Principals/Owner (15), Partners/Senior QS/Executives (8), Partners (2), Project Leader (1) Contract Manager (1). The average years of experience of respondents were 16 years.

**Organisation of Marketing and Strategies being used**

Based on the survey 100% of the practices do not have a dedicated marketing department. The main reasons for not having a specific department were that marketing was seen as a senior management role (56%) or that the practice were in the opinion that their practice is seen to be too small to warrant a separate function (26%). Only 14% of firms use the services of external marketing consultancies. However, there are respondents who are in the opinion that an external marketing consultancy is pointless. Reasons for not using outside marketing agents were obtained from the respondent. Among the popular answers by the respondents are (1) outside marketing service is considered unnecessary, (2) outside marketing consultants do not possess the knowledge on quantity surveying services and construction industry as a whole, and (3) budget constraints in hiring the external marketing consultant.

In addition when asked about the main problems and hurdles on reaching the clients, majority of respondents representing their practices indicated that they face difficulties in getting to know the clients better unless they have strong political connection and contacts. Interestingly some highlighted that the main barrier to break is the actual practice of most clients who tend to keep their own team therefore leaving little room for others to be given opportunities in securing projects.

Additionally, 70% of the sample attributed less than 2% of their turnover to marketing activities. Respondents were asked to say whether they provided training to their staff on the basics of marketing. As a result, 50% of firms stated they provided regular training sessions for their staff.

Respondents were asked to state the level of priority afforded marketing within their business strategy. The average responses are shown in Table 2

<table>
<thead>
<tr>
<th>Level of Priority</th>
<th>% of practices</th>
</tr>
</thead>
<tbody>
<tr>
<td>High</td>
<td>20%</td>
</tr>
<tr>
<td>Moderate</td>
<td>60%</td>
</tr>
<tr>
<td>Low</td>
<td>20%</td>
</tr>
</tbody>
</table>

Subsequently, the respondents were asked to described the primary objectives of their marketing strategy of their firms and the result shown in Table 3 below:
Table 3 Primary Objectives of Marketing Strategies

<table>
<thead>
<tr>
<th>Primary Objectives</th>
<th>% of practices</th>
</tr>
</thead>
<tbody>
<tr>
<td>To achieve increased market share and new clients</td>
<td>38%</td>
</tr>
<tr>
<td>Service excellence</td>
<td>29%</td>
</tr>
<tr>
<td>Technical excellence and expertise</td>
<td>17%</td>
</tr>
<tr>
<td>Provide value added services</td>
<td>17%</td>
</tr>
</tbody>
</table>

Based on the result, 38% of the respondents are in the views to increased market share and new client. This result indicates their awareness on the increasing demand of client in the competitive construction market. The need to be more competitive by offering wide range of services could lead in achieving the primary objectives.

Based on the study, only 35% of firms carry out research into new markets.

Table 4 shows the use of marketing and promotional tools being used by the practices and Table 5 shows their perceived relative importance

Table 4 Marketing and Promotional Tools Used

<table>
<thead>
<tr>
<th>Marketing Technique</th>
<th>% of sample using</th>
</tr>
</thead>
<tbody>
<tr>
<td>Company brochure</td>
<td>76.00%</td>
</tr>
<tr>
<td>Company logo</td>
<td>76.00%</td>
</tr>
<tr>
<td>Introduction letter</td>
<td>64.00%</td>
</tr>
<tr>
<td>Industry seminars</td>
<td>54.17%</td>
</tr>
<tr>
<td>Website</td>
<td>54.17%</td>
</tr>
<tr>
<td>Company newsletter</td>
<td>52.00%</td>
</tr>
<tr>
<td>Entertaining</td>
<td>48.00%</td>
</tr>
<tr>
<td>Presentations</td>
<td>44.00%</td>
</tr>
<tr>
<td>Other forms of advertising</td>
<td>35.00%</td>
</tr>
</tbody>
</table>

Table 5 Marketing technique Relative importance

<table>
<thead>
<tr>
<th>Very Important</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Company brochure</td>
<td>44%</td>
</tr>
<tr>
<td>Company newsletter</td>
<td>36%</td>
</tr>
<tr>
<td>Presentations</td>
<td>33%</td>
</tr>
<tr>
<td>Entertaining</td>
<td>30%</td>
</tr>
<tr>
<td>Website</td>
<td>29%</td>
</tr>
<tr>
<td>Introduction letter</td>
<td>23%</td>
</tr>
<tr>
<td>Company logo</td>
<td>19%</td>
</tr>
<tr>
<td>Industry seminars</td>
<td>18%</td>
</tr>
</tbody>
</table>
When clients are selecting firms to carry out projects, the following activities were perceived by the QS practices as to be the most influential (see Table 6). The most influential relate to the way the practice uses its network of previous clients and contacts rather than the use of any direct marketing tools. This would seem to conflict with the previous results which appear to show that the practices consider the use of company brochures as most important as part of their promotional mix.

<table>
<thead>
<tr>
<th>Most Influential</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Previous working relationships</td>
<td>56.52%</td>
</tr>
<tr>
<td>Industry reputation</td>
<td>52.17%</td>
</tr>
<tr>
<td>Contacts</td>
<td>52.17%</td>
</tr>
<tr>
<td>Recommendations</td>
<td>43.48%</td>
</tr>
<tr>
<td>Company CVs</td>
<td>26.09%</td>
</tr>
<tr>
<td>Introduction letters/portfolios</td>
<td>21.74%</td>
</tr>
<tr>
<td>Following leads</td>
<td>0.00%</td>
</tr>
</tbody>
</table>

Notes: Influence (5=Most influential 1=Least influential)

**Conclusions**

From the limited empirical research so far, there is little evidence to suggest that marketing is seen as a key management function, although directors, partners or senior members of practice staff appear to have responsibility for what is considered to be marketing activity. There is no evidence so far that marketing plans have been developed as part of broader strategic planning of practices. Little effort seems to be expended on analysis of markets or competitors.

To what extent the development of new services may be affecting marketing approaches is so far unclear despite firms belief in increasing market share and obtaining new clients.

Websites are seen as an important element of the marketing activities of QS practices, however the majority of the firms are still relying on the traditional company brochure to market their professional services to the industry. The notion leaves a question as to what on-line strategies are being developed to market the firms services.
Some key questions for further development would be to establish to what extent will branding become important for QS practices in the future in an increasingly competitive private sector market place. Also, to determine to what extent are QS practices in Malaysia thinking about the threats and opportunities in the international market place, particularly given the global economic turmoil.

In a nutshell, the roles of marketing for QS practices in Malaysia would seem to be in their infancy, despite awareness of increasing competitive demands from the client base. The role of the professional bodies is seen to be one of the initiator which could amend the regulations to allow more freedom for practices to market their professional services.

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