

# Management of housing construction and reconstruction of the housing stock based on the modern concept of forming marketing investment decisions

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**Abstract.** The article investigates the important and topical aspects of the organization of the housing stock reproduction process management in the context of modern marketing management theory, the key feature of which is its integration into the enterprise system. The article considers the expediency of formation of investment developments implementation mechanism in housing reconstruction and construction sphere using tools offered by modern marketing management concept. The concept of investment marketing is specified, which is focused on the search for investment solutions that provide implementation of investment proposals in the field of construction and reconstruction of housing, the importance of which increases in modern conditions, taking into account the application of new technologies of construction of houses, new materials, and structures. In the light of the obtained results of the research, the author's approach to the formation of marketing investment decisions in the field of housing construction and reconstruction of the housing stock is presented.

## Introduction

Structural components of the construction services market in the housing sector cause the need for systematic structuring of the methodological apparatus of the concept of marketing and management, acting as a scientific basis that determines the development of modern technologies to support the adoption of effective management decisions [1-4]. In the implementation of this structuring, it seems expedient to base the process on the study of two aspects of marketing activity in the field of construction and reconstruction of objects:

- marketing in the market of objects, including investigated, in this case, newly constructed and reconstructed residential objects;
- marketing in the investment market, where the investments necessary for the practical implementation of investment proposals in the field construction and reconstruction of housing are sought.

Within the framework of the capital construction (construction and reconstruction) market of residential facilities, the process of meeting one of the basic human needs – the need for housing – is



organized. In pursuing this overall objective of the market development, it is important to use effective methods aimed at the efficient solution of certain tasks set out by each group of participants of the reconstruction and construction activities [5-8].

The development of the reconstruction and construction market takes place in connection and coordination with analytical components of market proportions. At the same time, the balance and proportionality of the development of the studied market are achievable only if, as a result of the transformation of the housing stock, its parameters will be adequate to qualitative and quantitative certainty of demand.

The establishment of optimal vend proportions within the construction market is possible only if the parameters of residential buildings put into operation as a result of reconstruction are in full compliance with the quantitative and qualitative characteristics of the demand [9, 10]. At the same time, the focus of activity of each business entity (including the developer, as the main forming element of business activity) in the field of construction of residential facilities is determined by the target orientation and behavior motivations of the consumer audience having a real interest in the reconstructed residential facilities.

The desire of any market player to meet the needs of consumers is known to be a key characteristic of marketing. Marketing in the field of construction activities, in accordance with modern approaches integrating all its principles and methods into a whole, can be defined as an integral and fundamental structural element of the system of organization and management of housing construction and reconstruction of housing stock.

## Materials and Methods

*The purpose* of the research is to substantiate the concept of formation of marketing mechanism for development and adoption of management investment decisions in the field of housing construction and reconstruction of housing stock

The most important component of marketing activities in the housing sector is a comprehensive study of the housing reproduction market [11]. This process allows for the collection of a large amount of information necessary for both the development and adjustment of decisions, and at the same time involves the identification of current and forecast values of consumer demand, reflecting objectively existing demand for products of construction activity in the housing sector. This focused complexity of the study covers the infrastructure of the housing market in addition to the market of residential objects subject to reconstruction.

Marketing activities in the organization of housing reconstruction should be subject to a number of fundamental principles. Among them:

- orientation to the final consumer of reconstructed housing, quantitative and qualitative characteristics of demand;
- strategic orientation of the reconstruction and construction activities, involving the use of projected indicators;
- expansion of the forecast horizon in connection with the duration of the object's operation period while maintaining the same function;
- comprehensive consideration of market factors;
- optimization of the assortment structure of the residential objects being reconstructed in accordance with the differentiated characteristics of consumer demand and the tasks of ensuring the market sustainability of manufacturers of reconstructive and construction products;
- the achievement of a full resource (first of all, investment) provision of planned (designed) events;
- the use of promotion mechanisms for reconstructed residential facilities;
- the creation of a permanent innovation process based on the introduction of advanced construction technologies, materials, structures, technological means;
- consideration of social, urban and cultural-historical factors, etc.

On the basis of the analysis of patterns and trends of the housing market, there are ideas formed about the characteristics of demand in the part which relates to the development of the reconstructive building sector involved in the satisfaction of housing needs of the population [12]. Object marketing is carried out in conjunction with the marketing of investments, which allows implementing the principle of full investment security of planned construction activities.

Investment marketing is a new direction of the marketing paradigm underlying the modern concept of production process management. Its foundations are formed by leading representatives of scientific schools, and methodological provisions are gradually being introduced in various branches of the economic system of Russia [13-17].

### Results and Discussion

In view of the above-mentioned, it is possible to characterize investment marketing as a complex simulated activity focused on the formation of production, economic and management decisions in investment areas that meet the needs of consumers of the created facilities, as well as are adequate to the interests of investors.

This definition aggregates two important aspects. The first aspect is related to the direct participation of investment marketing agents in the development of the goods and services market. By studying and predicting consumer demand, it models ways to meet it with a variety of supply.

In this sense, the entity of investment marketing is one of the entities of the market of goods or services indirectly involved in its processes. This aspect, in relation to the tasks of this study, is considered in the framework of the marketing of facilities subject to overhaul and reconstruction.

The second aspect of investment marketing concerns the activity of the entity in the investment market. The consumer environment, in this case, consists of a set of enterprises, associations, credit institutions, insurance companies, individuals, etc., that are able to invest in the implementation of simulated solutions. This market is the sphere of direct participation of investment marketing entities and the area of its direct economic interests.

The interaction between these two aspects requires the harmonization of the investment capabilities of the business entities and the investment development needs (projects, programs, plans) of potential investors and final consumers [18]. It is important to emphasize that the ability to satisfy consumers of investors depends directly on the degree of satisfaction of consumer demand for goods and services production of which is expected to be carried out in the course of implementation of investment and design developments. Marketing activities in the investment vend can be successful only if the investment offers are formed in accordance with the principles of market proportionality.

In the reconstructive and construction industry considering the completion of the set of actions within the framework of the marketing of entities ensuring the correspondence of supply and demand for the reconstructed housing, the performance of repair and construction and reconstructive works, as well as the promotion of objects on the housing market, it is necessary to develop a set of investment marketing activities [19]. At this stage, the characteristics of investment models are formed which are investment projects, programs, plans adequate to the interests of real investors. Proof of investment attractiveness of such models is the results of justifications of the entities included in the marketing, testifying to the efficiency of production market activity in the field of overhaul, reconstruction and upgrades housing.

Developments carried out in these areas – marketing of entities and marketing of investments- in practice are combined in time. This is due to the desire to implement the vital marketing principle of the organization of resource support for a complex of designed solutions. The alternative principle found in some cases in the practice of economic justifications is the principle of prioritizing of quality parameters of modeled design solutions and increase of their investment attractiveness based on this [20].

Therefore, in relation to the problem under study, it means that the main issue in the development of projects of residential construction and reconstruction is to ensure their high-quality characteristics: the higher the quality, the higher the investment attractiveness and the more opportunities for the

optimal implementation of the investment assurance process. Implementation of this approach causes disruption of the unity of the task and available resources. The break in this connection often leads to the formation of proposals that require a bigger amount of investment far above acceptable levels [21]. In fact, the problem goes beyond the reconstructive and construction market, although it is in this area that it is most acute.

The quantitative expansion of market infrastructure and the emergence of new investors, as well as public policies to increase the number of potential investors, create the illusion of inexhaustibility of investment sources and shift management priorities.

In these conditions, the objectives are set for increasing the degree of validity of investment and marketing developments in accordance with the unified methodology of effective management and world experience in the field of rational investment.

Ensuring unity of marketing of facilities and marketing of investments within the framework of the modern marketing concept of reproduction processes management in the field of reconstruction of the housing stock is among the priority business tasks and is the need to harmonize the interests of the construction activity participants. This unity is manifested at the level of goal setting, which provides for a clear structure of objectives and ensures a balance of interests.

The set of goals (objectives tree) in accordance with the concept of integrated marketing in the field of management of construction activities reflects the systemic interconnectedness of business initiatives, having a complex, multidimensional and hierarchically built layered structure in which the achievement of the goals of the lower level is an objective prerequisite for achieving the goals of the higher level. In theory and practice, the method of constructing the target tree displays the structural hierarchy of goal setting [22].

When using this method in the construction of marketing objectives implemented in the conditions of the construction market, it is possible to distinguish the following levels of the goal tree. At the first level, a common goal of marketing in the reconstruction and construction sector is formed. In general terms, it can be interpreted as a desire to meet supply and demand for reconstructed housing, taking into account the economic interests of all participants of the construction market. At the second level, objectives are differentiated and targets are defined in the field of entity marketing and investment marketing. At the third level, further differentiation of goals is made.

In the sphere of marketing activity on the market of entities, a block of target figures corresponding to approaches of modern marketing is built. It highlights the objectives in the field of product, marketing, pricing and communication policies. The composition of investment marketing targets is quite extensive. At the same time, in our opinion, it is advisable to allocate goals in the following areas of the structure of the marketing activity objectives on the investment market:

- image policy in relation to market investment proposals;
- promotion of investment models;
- analysis of potential investors;
- interaction with state bodies management and urban planning regulation;
- formation of optimal investment proposals;
- innovation policy.

Goal disaggregation continues up to the local level, covering specific marketing tasks. It is important to note that its structural elements are not only united by the main objective but are also interrelated and interdependent. For example, communication policy objectives set in the marketing of facilities are interlinked with promotion objectives, image policy, government interactions, which are part of the target block of investment marketing. Close relationship is observed between the objectives of commodity policy of the business entity in the reconstructive and construction market and the goals in the field of formation of optimal investment proposals [23]. Therefore, to achieve these goals in practice, it is necessary to form and consistently implement a single set of actions on design and justification of design decisions in the field of overhaul and reconstruction of housing.

### Summary

Summarizing the above-said, it should be emphasized that a mechanism capable of enhancing the development of reconstructive construction activities and ensuring their performance in dynamic market conditions is the introduction of marketing principles and methods in management practice.

Application of investment marketing in the process of production and market adaptation of modern reconstructive construction activities provides an opportunity to develop optimal management solutions based on the results of the analysis of long-term trends and prospects of market development, as well as to forecast the dynamics of both external and internal factors. In this case, it is also important to note that the main player of marketing activities in the reconstructive and construction industry is the developer organization, which is focused on carrying out the whole range of works for the creation, promotion, and implementation of new and reconstructed residential facilities. Other participants of this market and its related areas can act as the entities of marketing activity. Functional roadmaps of entities in the conditions of the real estate market often change: expand or narrow as a result of specialization. At the same time, the search for new functional areas requires additional marketing justifications that determine the possibility of effective reconstructive and construction activity in modern conditions.

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