

Service design for marketing in construction

SD for
marketing in
construction

Tactical implementation in the “business development management”

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Abstract

Purpose – Project execution is dependent upon management support from the firm. The purpose of this paper is to examine the extent to which main contractors and supply chain members design their service provision in order to enhance the service experience. Marketing and service design (SD), theorized in terms of business development management, are examined to assess their effect upon service experience during project execution.

Design/methodology/approach – An interpretative methodology was used to identify patterns and significant factors perceived through the lens of business development managers in ten main contractors.

Findings – Main contractors provide a systems integration service, yet service provision was found to be limited and was frequently stated as “off the radar.” Clients are realizing sub-optimal value in service experience, and users and other societal stakeholders are realizing sub-optimal value in context during use.

Research limitations/implications – There is a need to address marketing and SD research to offer prescriptive guidance to practitioners, in particular using knowledge management as lever for improvement.

Social implications – Society is in receipt of sub-optimal facilities and therefore both socially falls short of meeting well-being and policy goals, and economically under-performs.

Originality/value – Contributions are made to the marketing and management theory on project markets where selling occurs ahead of provision. Scant support for construction marketing; a lack of the guidance on managing interactions in co-creating value; and the absence of SD among leading main contractors to deliver value had been reported.

Keywords Service experience, Service-dominant logic, Service provision, Business development management, Co-created value, Marketing and service design

Paper type Research paper

1. Introduction

Project execution is the prime research focus for examining projects and their improvement. Firm functions, especially those of main contractors, are neglected in relation to their contribution to projects and value delivered. One important value element is the service experience during execution. However, the potential experience is outcome of how well the construction project front-end is scoped and set up (e.g. Morris, 2013). This involves several functions, including business development management, bid management and procurement before it reaches the construction and project manager.

Under the conceptual heading of business development is nested marketing and service design (SD). Marketing is a neglected area in construction research, yet recent developments in the service-dominant logic (SDL) offer important challenges in forming value propositions at the business development management–bid management interface (Smyth *et al.*, 2016). SD has received renewed attention through the SDL (e.g. Maglio and Spohrer, 2008). They are closely related theoretically and are empirically investigated in tandem in this paper.

Construction is a pertinent focus for marketing theory because selling by business development management occurs before service provision, the reverse of most other sectors

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previously considered under the SDL. Main contractors in construction are theoretically in the systems integrator role (e.g. Davies *et al.*, 2007), which is a service function. It is uncertain how seriously contractors take SD to develop generic service provision at the firm level and tactically tailor provision for specific clients and for particular projects. Therefore, marketing and SD require research attention to examine how seriously these two and related elements are taken regarding theory and practice.

The research question is framed as:

RQ1. To what extent do the main contractors and supply chain members design their service provision to enhance the service experience?

The objective of this research is to focus upon marketing and specifically business development management (BDM) in construction. This includes interaction with other functions as part of the service provision. The BDM function is largely located at the front-end in terms of SD. It prompts three sub-questions to be addressed in order to address the main research question above:

RQ1a. To what extent is marketing and business development management focused upon the service experience and therefore contributing to SD?

RQ1b. To what extent is business development management interacting with other key functions and activities to configure service provision?

RQ1c. To what extent is the value co-created at the front-end improving the service experience during execution?

Structure of this paper is traditional: Section 2 defines a literature review, Section 3 defines methodology and methods, Section 4 defines findings and analysis and finally Section 5 contains conclusions.

2. Literature review

2.1 Theoretical background from marketing

Marketing is the functional locus of SD for the contribution of the sales effort to construction. Theoretically, sales is historically concerned with securing business in the right quantity, of the right type and at the right time, which in terms of the transactional marketing mix is translated as meeting the target turnover, in the right market segment and at a reasonably smooth rate to maximize resource allocation (e.g. McCarthy, 1964; Borden, 1964). For construction, this is translated into turnover, sector or building type and size of contracts, which started and proceeded in a planned way (e.g. Skitmore and Smyth, 2007). In many industries, the goods can be inspected and assessed for usefulness, because they are made and then sold. In construction, the service is sold first and then production is executed. Therefore, SD did not figure from the client perspective because the system invites them to focus on the offer or value proposition at the bidding stage, rather than use value. On the contractor side, firms are largely inward looking and the focus is on the offer as series of inputs. Therefore, interactions tend to minimize co-creation, which is supported by the associated "service design." In essence, it is a transactional or good-dominant logic mode of working.

With the advent of relationship marketing theories (e.g. Levitt, 1980; Berry, 1983), which are transformational, SD began to have an implicit role. Payne *et al.* (2008) have contributed to the SD debate by conceptualizing the key processes in managing value co-creation. Their value co-creation conceptual framework emphasized an interactive, longitudinal, individual and contextual nature of the relationship experience (Payne *et al.*, 2008). Marketing was no longer a discrete function for the aim was now to add value through relationships at the producer-customer interface. This was especially the case in business-to-business markets (B2B) and internal cross-functional relationships were necessary with everyone recognizing

their role as part-time marketers in order to add value (Gummesson, 2000). Therefore, service quality and customer satisfaction came to the fore (e.g. Parasuraman *et al.*, 1985; in construction see Buttle, 1996) and customer or client expectations generally rose in the interplay between satisfying needs and the ability to add value. Construction as a B2B sector lagged other sectors in making these transformations. Recent research showed it has adopted much of the rhetoric of relationship marketing but the awareness of the theory and implementation of the practices was weak (Smyth, 2015). Therefore, SD to configure the processes across multiple functions had been negligible or absent.

More recently the SDL (e.g. Vargo and Lusch, 2004, 2016) has taken the theory further to focus on value creation through the dynamic process of providers and customers combining resources to co-create. Conceptually, value is assessed in terms of the value-in-use and context. Here, customers or clients will have different experiences according to the resources they commit as well as how they perceive the outcome. In this model, everything is therefore a service.

SD has a central role among providers to configure their value propositions and delivery for customers to optimize the potential value realization. In this view provision is made and sales follow. In projects, selling occurs first, procurement and contract, and provision follow. This reversal means two things. Interaction is almost always direct through relationships, dissolving a debate between Vargo and Lusch (2008) and Grönroos and Voima (2013) as to whether the/of value can only come through direct interaction.

More significantly, there are two distinct stages of realizing value-in-use and context (Smyth, 2015). One stage aligns with SDL, which is the value realized from the project in context and use. This is largely overlooked in construction markets, although there have been calls for more emphasis on benefits delivery and impact (e.g. Morris, 2013), greater concern for whole life costs and the promise of BIM linking construction to total asset management. However, the performance of each facility provided in economic, social and cultural terms is scarcely assessed by the user or the construction providers – there is neither the data nor the routines in place to adequately connect the two (e.g. Smyth *et al.*, 2017). The second stage is about the service experience received during execution by the client, their representatives and indeed across the supply chain. This is measurable in terms of time-cost-quality and scope, yet it is also intangible in terms of perceptions of those interacting with each other. It is through these interactions, including factors such as social norms and contracts, collaboration for joint problem solving and activities on site, that value is co-created in terms of the service experience. Some of this co-creation will also go on to improve the value realized from the project in use too. Theoretically, SD figures strongly in configuring the service to optimize the potential co-creation of value to optimize the service experience.

2.2 Service design

SD has its roots in the resource-based view of the firm, whereby resources are allocated toward effective organizational design (Romme, 2003), service provision (e.g. Teece, 2010) and service innovation (e.g. Bitner *et al.*, 2008). The service innovation was influential in developing SD, although the concept has become closely linked to marketing theory and in particular the SDL (e.g. Maglio and Spohrer, 2008). While the primary focus of SDL is the co-creation of value, which is assessed in terms of the realized value-in-use and context (Vargo and Lusch, 2016), configuring the inputs into a value proposition as a singular and co-created activity among several organizations is a responsibility residing on the provider side (Sitaloppi and Vargo, 2014). The means is the configuration to integrate the elements that are managerial responsibility and the tangibility physical elements (Romme, 2003). SD frames the configuration in order to affect integration and effective delivery (Shostack, 1984). Conceptually, it specifically creates organizational mechanisms to be efficient and effective in execution (e.g. Zomerdiijk and Voss, 2010; and for projects Smyth, 2015).

From the SDL perspective, this includes mechanisms to facilitate and processes to encourage the co-creation of value during execution in order to enhance the service experience.

Theorization on projects has led to the identification of a systems integrator (Davies *et al.*, 2007), and in construction, the main contractor acts in this role. Conceptually, therefore, the main contractor would be the organizational entity where it would be expected that SD is located, and that their supply chain not only has the specialist skills and expertise but also has the organizational form and mechanisms to interface with the designed service led by the main contractor. This conceptually feeds into the research aim and addresses the prime research question as to the extent to which main contractors and supply chain members design their service provision in order to enhance the service experience.

There are strategic and tactical aspects of SD. The strategic aspect is the generic aspect of SD that scopes and frames the execution process for projects. It is therefore located in the firm and is implemented at the interface with projects, and is therefore part of program management. Tactically, implementation is at the firm level at the project front-end and is located within the project during execution. This research is largely concerned with marketing in construction and specifically BDM, and therefore is largely located at the front-end in terms of SD.

Prior literature has identified marketing and BDM as the sales function to be rather isolated at the front-end (Pinto and Covin, 1992; Turner, 1995). Therefore, connectivity to span functional boundaries could be expected as an important part of configuration, with face-to-face interaction providing the means for effective service integration. This aligns with interaction being a raw material of value co-creation within SDL (Edvardsson *et al.*, 2011; Grönroos and Voima, 2013) and for selling (e.g. Haas *et al.*, 2012). For construction projects, horizontal interaction links the front-end to the project execution involving BDM, pre-qualification documentation writing, bid management and project management. To demonstrate this point and to compare a transactional with a transformational approach we have set out two options ((a) and (b)), which are presented in Figure 1.

Figure 1 therefore shows the two options: the transactional approach, which is theoretically aligned to the marketing mix and where little interaction is necessary; and a transformational approach, which either aims to add or co-create value and where

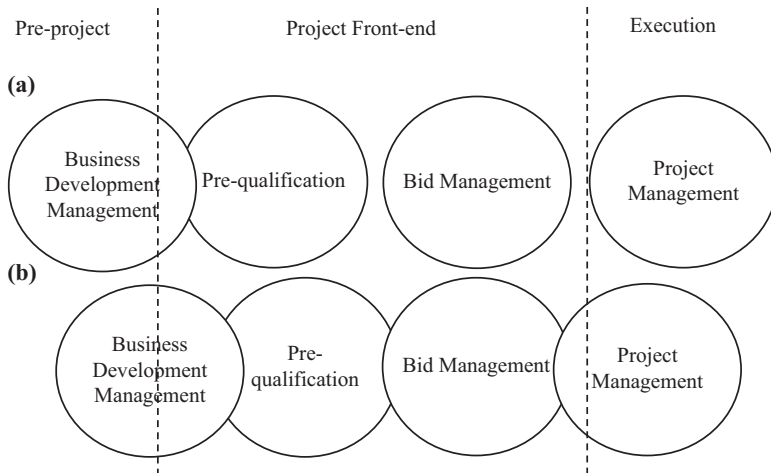


Figure 1.
Approaches to marketing at the front-end of the construction project

Notes: (a) Transactional approach to marketing at the front-end without interaction or relationship management; (b) transformational approach at the front-end with service design for interaction and relationship management

interactions are essential. The contrast is depicted in Figure 1 as largely disconnected functions (see Figure 1(a)) and as interconnected function through intense interaction (Figure 1(b)). In the transactional model, there may be some interaction where business development managers (BDMs) interact with the documentation. Silo activity prevails unless individuals choose to take responsibility (Smyth, 2013). High levels of interaction are required in the transformational approach. BDMs or key account managers (KAMs) provide a coordinating role throughout to ensure the mechanisms of coordination to undertake the associated tasks around which the interactions occur (cf. McDonald *et al.*, 1997). Included in addition to the horizontal coordination is a vertical one. The procurement function, including any supply chain management role, plays a key role in facilitating integration of the supply chain in order to enable the greatest opportunity to co-create value between the main contractor and the supply chain for the client and their stakeholders. Commercial directors may also play a role to ensure resource availability to support the activities.

Developing the protocols and managing these interactions between functions is the strategic means to develop value propositions. There is not a singular solution or prescription to this aspect of SD, but it sets the blueprint from which the detailed service provision emerges. Blueprinting is an important part of SD (e.g. Bitner *et al.*, 2008). It is the basis for mapping out more tactical service plans (Kingman-Brundage, 1992). In construction, this goes beyond shaping the project (e.g. Cova and Salle, 2011), and includes the tailoring of the service content to align with client expectations. This is part of developing win strategies in the bid management stage. Some of the focus is internal as set out above. Value co-creation challenges traditional management practices and requires engagement of the “extended enterprise” that involves supply chain (Payne *et al.*, 2008). Thus, some of the focus is external, where firms combine their resources to co-create value (Vargo and Lusch, 2004). Interactions may include asking for early contractor involvement, specific forms of collaboration, as well as mindsets to engage with opportunities for joint working and joint problem solving with the client and supply chain members.

In summary, it is not only important to foster SD at both the interface between functions and firms, but also to build in mechanisms to investigate what clients and their stakeholders need and expect, that is, what they consider valuable. This includes demonstrating how the service provision will enhance the experience during execution. This can only be achieved with management that is serial in project terms over a time period, or as has been stated in the sales management context:

[...] the sales function has to make sure that actor-specific value perceptions are known and efforts in value creation would mirror these perceptions. Aligning value creation efforts and value perception involves a longitudinal perspective, as value perceptions may change over time or while parties interact. (Haas *et al.*, 2012, p. 101)

3. Methodology and methods

The main research question was stated as:

RQ1. To what extent do the main contractors and supply chain members design their service provision to enhance the service experience?

In order to address this primary question, three subsidiary questions were identified:

RQ1a. To what extent is marketing and business development management focused upon the service experience and therefore contributing to SD?

RQ1b. To what extent is business development management interacting with other key functions and activities to configure service provision?

RQ1c. To what extent is the value co-created at the front-end improving the service experience during execution?

An interpretative methodology was used to assess the role of marketing and BDM in the firm and at the front-end of the project lifecycle. The methodology respects value judgments, subjectivity and information provided in context (Denzin, 2002). Respecting key actors' perceptions enriches understanding of attitudes present, the strengths and weaknesses of organizational artifacts, processes and behavior. Perceptions inform the future behaviors and actions of actors. The empirical research tries to identify patterns and shared experiences, as well as drawing attention to singular outcomes of significance.

The selection of the main contractors was based upon identifying leading organizations that could be expected to be setting the trends for others to follow. This was important as change in construction lags in other sectors and a recent report has shown that for British-owned firms investment to support change is slow and incremental at best (Smyth, 2018). Two criteria were employed to select leading firms. The first was upon the basis of size and scope of activity. The second was on the basis of being leaders in specialist fields. BritCo and ElecCo are specialists in their fields, although in the case of BritCo it is part of a larger construction-related organization, and in the case of ElecCo a large and diverse engineering group. The contractors were also filtered by national ownership in order to ensure a diversity of management approaches according to different cultural norms to ensure diversity was apparent and so that any patterns that emerged from the data could be stated with confidence. Ten main contractors were selected: four are UK-owned contractors, four mainland EU-owned contractors, one other European contractor and one Antipodean-owned contractor (see Table I).

In total, 30 semi-structured interviews were conducted with those in BDM roles. Each lasted between 60 and 90 min. The interviews were spread over five separate quarters, were almost all recorded, interviewees being given the choice of not being recorded and in this small number of cases extensive notes were relied upon in the analysis. In fact, notes were taken in addition across all the interviews to sharpen listening, commence the process of internalizing the information in readiness for the analysis and to help enable follow up questioning during the interview.

The selection of contractors by ownership and sector activities provides a basis to identify general patterns of practice and comparative analysis. The information from the interviews was analyzed by reading the notes to saturation point to draw out the main patterns and points of significance and the listening and analysis from the interviewee recordings reinforced the process. The notes proved particularly useful for organizing the material and mapping the content against the conceptual issues, which was carried out as a process rather than using static codes. Conducting the analysis identified the patterns and singular yet significant points until saturation point was reached in terms of generating new analysis.

Ownership	Pseudonym	Sector
4 UK-owned main contractors	BritCo	Refurbishment and office fit out
	BudCo	Civil engineering and infrastructure
	RhoCo	Civil engineering and infrastructure
	UKCo	Civil engineering and infrastructure
4 Mainland EU-owned main contractors	BranCo	Civil engineering and infrastructure
	ElecCo	Electrical engineering and infrastructure
	EUCo	Building and civil engineering
	FinCo	Building and property development
1 Non-EU European main contractor	EuroCo	Building and civil engineering
1 Antipodean-owned main contractor	AntCo	Building and property development

Table I.
Main contractor
ownership and sub-
sectors of operations

4. Findings and analysis

4.1 Strategy planning

Marketing strategies were variable in breadth and depth across the firms. They were the most developed in BranCo, largely applying some of the principles for relationship marketing and as such managed interactions that potentially led to the effective co-creation of value, although SDL and co-creation in particular were not part of the service intent. Yet many BDM practices in BranCo were still rooted or partially rooted in transactional marketing mix approach, which was based upon securing a pre-qualification or sales opportunity. BDMs were unaware of SDL as a marketing theory and of co-created value as a marketing concept.

None of the firms had a strategic plan for SD either as a standalone function or as part of the marketing function. The only partial exception to this was reference to health and safety, where behavioral programs were being implemented as part of the response to corporate manslaughter legislation. This can be deemed to be nascent SD, although management did not perceive it as such. It was a matter of regulatory compliance. Both BranCo and EuroCo had developed strong behavioral elements to their health and safety policies.

EUCo puts in place its first marketing plan in 2008 and subsequently developed strategies for key customers, which were presented to board level. Primary content was a strong emphasis on forward work planning, rather than interaction management or service quality.

In BritCo, marketing was cut post-2008 as the financial crisis unfolded. Marketing was consigned to a backroom function of processing market information and BDM was absorbed into bid management. UKCo did not have an explicit marketing strategy, seeing BDM as a pipeline of information collection and response – it was reported as marketing on the run.

Contractor perceptions were defensive around what they thought was competitive advantage and constituted their intellectual property. It restrained proactive co-creation of value through knowledge sharing, innovation and collaborative working. The contractors were defensive, attempting to drive down costs rather than driving incremental performance improvement. RhoCo and BudCo particularly emphasized this inward looking and somewhat self-interested perspective. These two organizations were among the most focused on transaction costs, applying a marketing mix approach to BDM.

4.2 Strategic interactions

Across all the contractors with marketing plans, other functions were largely unaware of the content. For example, EuroCo's procurement department was both unaware of the plan and had no dialogue with BDMs to coordinate value propositions in the supply chain.

In EUCo, a strategic KAM capability was introduced for consistent client management. It was poorly resourced and largely operated at a project rather than program management level. There was little "joined-up" thinking and action internally. The internal focus was geared to securing work rather than interaction with others to configure project content and service proposition, and thus any potential to co-create value with their clients or supply chain members. This informs actions from the firm hierarchy in the search to secure work.

This analysis is in conflict with client demands for collaborative practices, especially evident in the infrastructure sectors. EuroCo has similar experience with board members being designated as having a high-level KAM role for key clients. Customer services were developed yet not updated. They were not referred to at other functional levels. The strategies were quite inward looking and were not interactive.

New clients were difficult to secure, especially in new sectors. There was around 10 percent experimentation in BDM activity for anticipating and entering new markets – an important substitute for market research because contractors reside near the top of asset specific "food chains." BranCo followed this strategy. Potential clients needed good reasons to commence interaction and form relationships. BDMs tended to find out about the project

pipeline, the organizational strategies and rationale, and what they perceived to be of value to solve organizational problems. One BDM in EuroCo reported that it was difficult to secure resources to prime new sectors even when tasked with the objective.

One consequence of finding out sub-optimal information about the clients when compared against relationship marketing and SDL theory is that little is known about whether the SD is appropriate for the new sector, indeed any sector or building type for the generic SD at firm level. It also strategically means that any response by the project-based firm to tailor the service to client needs on a project-by-project basis from developing a win strategy to form the value proposition at bid management stage to for tactically configuring the service at execution stage by the construction or project managers is weakened or compromised.

There was extensive talk of “relationship building” across all the firms. The term was so often mentioned that it was something of a “mantra” for BDMs and clearly a strong part of corporate rhetoric and jargon. An EUCo BDM summed this up: “it’s all about people and relationships.” An AntCo BDM said: “it boils down to some trusted relationships.” The relationship building notion strongly aligns with the transformational principles of relationship marketing of using relationships to add value and SDL whereby interactions provide the medium to co-create value. However, relationship building did not figure in any conception of SD. There was a complete absence of criteria for relationship building and conducting interactions to secure work and create value propositions. AntCo tactically committed resources based upon time and effort at project level. This was acknowledged as an issue. Finance management and commercial directors were blamed. They were predominantly transactional. The resultant resource lack at the front-end and to support execution restricted client engagement and combining resources to improve the service experience at both project stages.

4.3 BDM tactics at the project front-end

The BDMs generally reported they sought a mix of high value and high profile clients, with some profit margin trade-off on occasions. This was particularly found in FinCo for public sector and for BranCo for some private sector work. If the client profile was thought to reinforce track record and the ability to secure other new work then the approach was followed through. This tactical approach, which was often determined in principle by the main board for large contracts at monthly meetings when it was decided whether to bid or not, and at the bid management stage by directors to determine the “mark-up” on the estimated cost, and hence the bid price submitted. This posed a serious problem for major repeat business BranCo for one of their clients in the downturn, when the client was known to demand aggressive pricing. It became a strategic decision. They decided to continue to bid and subsequently lost money on serial contracts which compromised the service offer they were able to carry out. This also incurred reputational damage in the marketplace and the division concerned went into over an extended period of several years, and from which the division has yet to completely recover. This has held back investment and development in other successful sectors for the firm.

EUCo and BranCo admitted that they were weaker on value than selling, although both companies appeared to be stronger than at least three or four of the other companies from the evidence reported. At least three of these four other companies were highly transactional, pursued selling as a “pipeline” approach where BDMs draw information down the pipe and push each project through the pipe to pre-qualification or bid management stage, depending on how involved each company required their BDMs to be at each stage (see Figure 1(a)). EUCo found it as challenge to identify a win strategy prior to prequalifying and handing it over to bid management. It was described as the challenge of getting the theme running through. Several BranCo BDMs stated that they sometimes did not commit to deliver against certain things that were non-contractual on the basis that they lacked confidence that the

project managers would deliver against it, even if it was injected into the bid. The procedures and interactions did not support this. BudCo reported limited knowledge feedback to develop value propositions. EUCo BDMs were charged with making contact twice with site during execution. Where feedback occurred, it was inconsistent and intermittent, and described by one UKCo BDM as being managed “quite randomly.” Summing the feedback issue up, one BDM reported feedback as being important, yet, in practice it never happens, which is in line with a transactional approach of limited interaction.

BudCo operated a transactional pipeline approach with a strong input-price connection maintained throughout. BudCo claimed to be good at managing high-level relationships, yet weak down the hierarchy and into operations. ElecCo, FinCo and BritCo were also highly transactional and closely adhered to marketing mix practices. In FinCo, client interaction was cut back following the financial crisis with reliance upon telephone contact to solicit information to feed the work pipeline: “We tend to be office based. We don’t go out and meet the clients.”

Value was an ambivalent issue for the BDMs. RhoCo was adamant about its efforts to deliver better “value for money.” It used a lean approach, Six Sigma, to drive down cost, even though this was said to compromise value inputs at times, which is a self-interested approach as it saved costs for the provider and the client did not benefit directly. Some clients reinforced the transactional approach, as RhoCo, ElecCo and BudCo all pointed out for one of their common public sector infrastructure clients. However, one infrastructure client set BDMs “homework” to gauge commitment, offering opportunity to co-create value at the front-end. For all the firms, value was perceived as inputs of technology and expertise, not service outcomes. Current technology was perceived as sufficient in some companies. In EuroCo, management capabilities for innovation and service provision were unrecognized. A number of interviewees used the same phrase, “service is off the radar.”

ElecCo had a different approach, predefining specialist inputs supported by breadth and depth of expertise. This was offered as exchange value in the knowledge of a high degree of client dependency even though there may be customized solutions to context. Realized value-in-use could be quite high, but it was not directly co-created through joint interaction. Overall, value propositions were high value, yet were brought forward in traditional transactional ways.

EUCo was the only company that drilled down a detailed level of client needs for some of their work programs in one key sector. For consistent understanding, mapping the motivations and considerations of the key decision makers is important. BranCo was the most effective at systematically undertaking this across sectors in a major division. Yet, inconsistent practices were nonetheless present at a detailed level. Some BDMs conducted formal mapping for their own purposes at organizational, program and project levels among clients and their representatives, while a few logged their maps onto the customer relationship management (CRM) system, Salesforce®. Yet, engagement with CRM was low across the companies. A number relied on informal processes, mentally mapping people by role and influence.

Collaboration, early contractor involvement and open dialogue are formal mechanisms for combining resources in joint problem solving. These measures were mentioned by a number of BDMs, especially in UKCo. Collaboration was present in infrastructure, driven by clients with service experience and value in mind. BudCo, ElecCo and EuroCo all wanted to increase the levels of early contractor involvement, but claimed to find resistance among clients to creating workable mechanisms.

BranCo was the only company to employ assessments of the value of the key clients to their business, calculating the client programs against their pre-qualification and strike rates to yield a client lifetime value. This enhanced to interactive selling with the consequence that is was: enhancing the service experience at the front-end, improving the

value propositions at bid stage, potentially enhancing the service experience during execution of projects secured and value co-created during execution for subsequent realization of the project in context and use. However, these practices tended to be partially implemented in these two organizations due to inconsistency of action and management monitoring the practices and holding BDMs to account. In general, however, it was found that there was little functional integration between BDM, bid management and procurement. This meant that value propositions were formed as a series of transactional inputs – a common pattern across all the firms, although there was some significant and positive variance at times, as noted above.

Interaction of BD typically ceased either once the firm had prequalified for a project or on entering bid stage. Few BDMs were required to have formal input in bidding and setting margins for the bid. Value was therefore not co-created internally or with the supply chain through interaction with procurement. Siloed activity, it was reported, was reinforced by bid managers, the reason given that time pressures to submit bids did not give sufficient time and procurement showed scant inclination to be involved. The SD was largely about keeping investment and costs to a minimum to the extent that securing contracts for which the firm was most aligned and in timely ways in order to grow the business was absent. Construction and project managers who are “on the bench,” that is between projects, could have been used to support this service development and in so doing understand more about marketing and SD. This is utilized in some IT project businesses, although in construction the tendency is to move construction managers to other projects while they are still being delivered, hence disrupting interaction and reinforcing service discontinuity.

Clients, especially public sector ones, were reported to have lost capabilities post-2008 and needed more strategic support and advice (cf. Winch and Leiringer, 2016). Public sector clients therefore sought interactions, and some sought active collaboration. FinCo, EuCo and EuroCo selectively took the opportunity as a type of balanced initiative to determine value creation opportunities in the value proposition. However, the practices were variable, depending on the individual BDM. BranCo was the most proactive with public sector clients in this respect without compromising ethical and accountability procedures required by public sector clients.

It was reported that procurement departments did not prequalify or select suppliers and subcontractors according to knowledge of the stated requirements or a co-creation process, but according to their prescribed expertise, using static criteria. BudCo, AntCo and EuroCo provided examples of these practices. Further, because procurement departments were unaware of the marketing strategies, internal integration was inhibited and the tactical co-creation of value in supply chains was constrained.

Some BDMs played a KAM role, for example in BranCo. In other firms, a KAM role was performed, for example by project managers in AntCo. Project managers were very project and task focused, failing to coordinate client understanding with project learning and performance for execution and to feedback into future value propositions. The tactical KAM function was reported at a fairly new yet growing activity. Conceptually, it originates from relationship marketing and aligns with the interaction approach within SDL. The role was purely tactical and partially implemented with the result that knowledge sharing and co-creation opportunities were hampered. AntCo was in its second attempt to introduce KAM. The first attempt occurred before the financial crisis and even at the time of a buoyant market. It failed because KAM were not given resources at a program management level. Further, it failed because bidding was price driven and there was no project budget resource to support the activity. AntCo was in the early stages of KAM's reintroduction almost a decade later. The tactical KAM role to facilitate interactions and improve services during execution performed no better than the more strategic role reported above for EUCo and EuroCo.

Overall, it was acknowledged that there was of the lack of firm support. This was not confined to financial resources. It was cited as management commitment and understanding from the main boards, directors and other senior managers. This was a general pattern and those who cited the lack of support spoke strongly about it.

5. Conclusions and recommendations

This research has examined marketing and SD through the perspectives of BDMs of main contractors. It asked:

RQ1. To what extent the main contractors and supply chain members design their service provision to enhance the service experience?

To address this research issue, three sub-questions were identified. In answering *RQ1a*, it was found that service was “off the radar” and SD did not figure strategically or tactically. Indeed, there was a lack of support for marketing. Past research had found that marketing and sales practice are isolated from the project (e.g. Pinto and Covin, 1992; Turner, 1995). This was confirmed (see also Figure 1(a)) and furthermore, the function was isolated in the hierarchy with scant support from management, which helps to explain the first point and makes an original contribution. Practices were inconsistently implemented and there was a lack of guidance on relationship and behavior management to guide interactions to co-create value for the service experience.

In answering *RQ1b*, although there was extensive rhetoric about “relationship building,” the required interactions with other functions were minimal both along the front-end of the project lifecycle (see also Figure 1(a)) unless individuals had taken responsibility. This makes an original contribution to SDL and the co-creation of value. Interactions are conceived in SDL as interpersonal across organizational boundaries, however, this is unlikely to succeed where internal interactions are minimal. The nature of this conceptual contribution is closely related to the theoretical point that in projects and other asset specific markets, the sales process occurs prior to securing a contract, whereas in other markets, provision comes ahead of selling. Thus, if the sale occurs first, interactions are needed to co-create value from the point of sale to the completion of provision and this all constitutes part of the service experience (Smyth, 2015).

In answering *RQ1c*, it was found that there was little opportunity to co-create value at the front-end, either with the client and supply chain or internally by functional interaction to provide integrated management and content solutions.

By combining the three answers, it can be stated that main contractors and supply chain members do not design their service provision to enhance the service experience. They are focused upon short term resource minimization, following a residual marketing mix approach that is transactional and reinforced by a dominant transactional finance management approach to management.

The sales function has been neglected in the management and marketing literature, especially in regard to value (e.g. Haas *et al.*, 2012). This research makes a general contribution to that literature. Second, marketing has largely been ignored in construction. Third, SD is not in evidence among leading main contractors, which is conceptually surprising, given that the systems integrator role of the main contractor is about service provision. In summary, there have been two specific academic contributions: marketing not only isolated horizontally, it is isolated in the hierarchy with scant support from management, which helps to explain the horizontal lack of integration; and internal interactions with other functions were minimal both at the project front-end unless individuals took responsibility, which is pertinent in any markets where sales occur prior to provision rather than the SDL espoused reverse position.

In conclusion, there is considerable research in the areas of marketing and SD at the level of the project-based firm or construction firm to understand the value delivered to clients and their stakeholders. Focusing on the project level alone is insufficient.

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Further reading

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