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Marketing communications in construction: digital trends for Russia

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АННОТАЦИЯ:

The new economic conditions of the digital economy and its development in the construction sector initiated the emergence of complex management tasks. Therefore, the establishing of system of integrated marketing communications is becoming one of the most important tasks corresponding to the specifics of the industry. Purpose. The aim of this study is to analyze the current situation in promotion in the construction industry, taking into account the variety of products and services, the structure and characteristics of target audiences and other factors. Methodology. The authors paid a particular attention to the study of the main tools that successfully solve both the current commercial and the long-term image problems of construction companies, as well as analyzed the communication requests of these companies in terms of the choice of digital channels and trust to them. The study contains the market research among the builders and developers in the segment of commercial and residential real estate conducted in period of Covid-19 pandemic (April-August 2020). Findings and practical implications. The authors have proposed a sectoral algorithm for the use of the promotional tools in the construction industry, based on the analysis of the advertisers' estimates of their communication program and requiring subsequent adaptation to solving a specific problem. The study might be used by both industry experts and advertising agencies for the development of the most efficient campaigns.

КЛЮЧЕВЫЕ СЛОВА: digital marketing, digital communications, construction industry, contextual advertising, integrated communications

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ABSTRACT:

The new economic conditions of the digital economy and its development in the construction sector initiated the emergence of complex management tasks. Therefore, the establishing of system of integrated marketing communications is becoming one of the most important tasks corresponding to the specifics of the industry. Purpose. The aim of this study is to analyze the current situation in promotion in the construction industry, taking into account the variety of products and services, the structure and characteristics of target audiences and other factors. Methodology. The authors paid a particular attention to the study of the main tools that successfully solve both the current commercial and the long-term image problems of construction companies, as well as analyzed the communication requests of these companies in terms of the choice of digital channels and trust to them. The study contains the market research among the builders and developers in the segment of commercial and residential real estate conducted in period of Covid-19 pandemic (April-August 2020). Findings and practical implications. The authors have proposed a sectoral algorithm for the use of the promotional tools in the construction industry, based on the analysis of the advertisers' estimates of their communication program and requiring subsequent adaptation to solving a specific problem. The study might be used by both industry experts and advertising agencies for the development of the most efficient campaigns.

KEYWORDS: digital marketing, digital communications, construction industry, contextual advertising, integrated communications

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Introduction

Over the past century, the economic growth of countries has been largely due to progress in the development of production, information and organizational technologies the process of emerging technological economies of scale [8, 1] (*Martynenko, Matvienko, 2016; Balatsky, Yurevich, 2020*). Creation and dissemination of information technologies have been used in every sector of goods and services. The creation and diffusion of technology in the construction industry as one of the backbone sectors of the post-industrial economy is an important factor in almost every sector of goods and services. Digital technologies become a revolutionary innovation of today, creating the new ways of doing business that disrupt the standard business models and create the new ones. Implementation of digital marketing strategies requires the new approaches from brands, and industry specificity is a fundamental requirement for development. Companies in construction industry use the marketing communications for the complex impact on the internal and external environment to create demand, stimulate sales, and create loyalty to construction brands that are not as popular as, for example, in the automotive industry or in FMCG (fast moving consumer goods), but are important components of the business landscape.

In the modern world, taking into account the highly competitive environment in this industry, marketing in construction, has become one of the components of increasing competitiveness that determines the relevance of this research [2] (*Begadze, 2015*). Thousands of different companies provide their services in the area. The shock experienced by the economy and society in connection with the 2020 pandemic, its impact in the long term is still difficult to assess, become another factor in the importance of marketing programs for the construction industry that can be flagship for overcoming the crisis [4] (*Dorzhieva, 2020*).

The fall in the level of income of the population leads to the displacement of premium goods and services by their budget counterparts. This process has been going on in Russia for several years, and the events of recent months have only aggravated the situation.

The price characteristics of the products conceived take precedence over the image ones, which can lead to the mass appearance of “no name” products and to the crisis of brand strategies. In this situation, the key task become to implement a well-thought-out marketing program that creates demand for quality services and branded goods, the products, including those in the construction sector, that retain a loyal audience, demonstrating, despite economic fluctuations, a margin of safety against price competition [12] (*Zharkov, 2014*).

Methodology.

In order to study the current situation and analyze the trends and forecast, the authors use the field research in form of an online questionnaire of expert advertisers of the construction industry, as well as study the materials from open domestic and foreign scientific sources.

The survey involved the companies' builders and developers in the segment of commercial and residential real estate, representatives of the road construction segment, manufacturers of construction equipment and materials, trade enterprises of various sizes, including small firms operating in the construction market in the construction market. In terms of the period, the study was limited to April-August that became the difficult months of the heyday of the COVID-19 pandemic, thus the percentage of those who agreed to take part in the study was small, and responses were received from 37 companies.

Discussion and Findings

Nowadays, the communication in the digital environment is the fastest growing form of promotion in general and in the construction industry in particular. All these subjects communicate in one way or another in a digital environment and meeting with information here should be maximally optimized and comfortable for them. The promotion of such companies varies greatly in terms of both objectives and budgets.

In general, according to the study, the advertisers demonstrate a traditional choice of "tried-and-true" tools: 76% of respondents used the contextual advertising in search engines, 81% tried the targeted advertising in social networks, which is generally less than in digital communications for other industries.

However, the overall budget spent for digital communication varied from 50% to 80%, proving the importance of this channel for construction industry.

While, the survey also demonstrated that the level of knowledge in the field of information technology requires a digital education.

1.1. Specificity of promotion tools in construction industry.

The essential difference of marketing in the field of construction comes from the complex nature and, most importantly, the long-term relations between the subjects of this business, therefore, the use of a whole range of integrated marketing communications is required for harmonization. According to the latest assessments [5] (*Hampson, Kraatz, Sanchez, 2014*), during the last 50 years global construction industry as a whole has been implementing the high technologies twice slower than any other industries, but due to the diversity of industry spe-

cializations and actors in the digital sphere, there may be the disruptive, innovative campaigns. The construction industry includes both the implementation of new construction, reconstruction and repair of buildings for industrial and non-industrial purposes, production of building materials, trade, logistics and transport. Being an integral complex, this system of goods and services demonstrates stable production, technological and economic ties that require an extensive system of communication support. Manufacturing and service are two equal parts of the construction business, which require the right combination in the marketing program. The system of building relationships includes such subjects as customers, subcontractors and general contractors, investors, logistics service providers, investors and project managers, design and survey organizations, research organizations, and the public.

The plurality, complexity and diversity of subjects necessitates a large-scale marketing research of the construction market using quantitative and qualitative (structural) assessments. Building marketing, driven by digital communications, requires up-to-date and accurate data. However, when building such a program in the Russian construction industry, marketers face the limited research data. This is due both to the savings of entrepreneurs on research and investments in strategic planning, and to the distortion of marketing data due to the concealment by companies of the real volumes of business in the construction sector, which essentially leads to a decrease in the effectiveness of marketing efforts and is one of the most acute problems today.

The peculiarities of the construction business itself determine the differences between construction marketing and marketing in other areas. Construction objects are less amenable to standardization and unification [6] (*Lyulin, 2013*), and their promotion should be individualized. An important feature is the generally high cost of contracts with fewer transactions than in other areas that increases the value of each attracted customer, and makes thinking about effective retention.

Moreover, the processes in the technological component of both capital construction and finishing work involve a huge variety of works and types of services: assembly and construction, finishing and carpentry works, as well as various design projects, installation of various engineering systems and finishing works, which information is disseminated through many channels, for different audiences and for different purposes.

The presence of both B2B and B2C audiences become a significant factor for promotion. However, the boundaries between the typical communications for these audiences are rather blurred, which determines the specifics of building of marketing programs. The customer and the payer in construction for the end consumer is

a private person, and it has a clearly defined specificity in comparison with industrial construction, requiring individualized tools, taking into account the psychology of communication impact.

The large number and territorial dispersion of the subjects of the construction industry, multi-level distribution channels also determine the distinctive characteristics of the construction industry, which marketing programs must necessarily take into account [11] (*Suprun, Rodney, 2015*). Seasonality and dependence of business on natural conditions require the advertising campaigns to fall on the beginning of the construction season, and vice versa, by the end of it, attracting the new customers becomes less important. It is also necessary to take into account the specificity of services, which is not always clear to end consumers and contractors, which requires appropriate efforts to promote, to clarify and to inform [9] (*Nambisan, 2017*).

The production and commercial cycle of creating construction products is often long, therefore the marketing program must also be long-term [8] (*Martynenko, Matvienko, 2016*) and implementation in this area refers to a long sales cycle, when numerous participants with their goals and interests are involved into marketing communication. This process is multi-stage, continuous, and require a clear promotion strategy in general and the communication campaign in particular.

Nowadays, the communication in the digital environment is the fastest growing form of promotion in general and in the construction industry in particular. There is a certain specificity for each subject and each direction in the construction industry, but the phased launch of promotion, the integration of relevant channels and a systematic analysis of the results of communication impact makes it possible to use the modern technologies as efficiently as possible.

Let us consider the typical scenarios for promotion in B2C segment, which includes the supply of construction materials and the provision of services to the end customers. Among the tools for lead generation in B2C, the contextual and targeted advertising are the most effective; email marketing can be used to solve the problems of initial and subsequent information about products and services. We can emphasize the specificity of role of social network as a PR-instrument for building of trust in the promotion of construction goods and services. In this case, one applies the image not only in B2C, but also in B2B. The quality of feedback in SMM ensures an integral reputation chain, including the continuous work with reviews. For B2C, the video hosting, primarily YouTube, is the universal marketing channel, and the main requirements apply to the quality of the content, both in terms of form and content of the video. The possibility of dynamic visualization in showing that construction work process increases the conversion, organic traffic

that can be successfully supported by the use of special technologies for promoting video material.

It is clear that the beginning of the effective operation of digital tools (and the construction industry is no exception) includes the creation and promotion of a site that actually reflects the company's USP, when the entire content, both text and visual ones, works to solve this problem. As far as activity in the field of contextual advertising is concerned, it will allow creating a virtual representation, the structure of which corresponds to the requests and does not conflict with the user's logic.

In parallel, an adequate database is required to build that optimizes the retention of existing customers and ultimately increases their loyalty. As for the use of a CRM system for solving of digital promotion tasks [3] (*Cheremisina, 2019*), it is a convenient tool acquiring the function of a promotion tool and reflecting the entire history of customer contacts with the company, forming and structuring mailings, setting up chat bots, creating look-alike audiences etc.

Let us consider the key promotion channels for B2C companies in construction and the specifics of using contextual and targeted advertising in this area. The specialization of agencies that are professionally engaged in the construction of advertising campaigns specifically in the B2B field of construction gives them the ability to work with a large range of goods, in highly competitive topics, with technically complex products, and products without direct demand. Contextual advertising in B2C construction involves the use of the two most popular platforms in Russia — Yandex. Direct and Google.Adwords, when using them to promote a business, the task is to set up an advertising campaign that is profitable for a particular business based on KPI (cost of an application, number of applications, average bill applications).

Traditionally, contextual advertising starts with Yandex and involves auditing and tracking key indicators, gradually connecting the audience from Google. In some cases, the promotion of construction services, contextual advertising is concentrated on the Google site. The logic behind this decision is in technically complex topics on Google: the cost of an application turns out to be lower, and the number of applications is higher. Given the more intensive penetration of Google into the mobile sphere and a technically advanced audience, for the sale of complex equipment, for example, engineering systems and air conditioning systems, priorities may swing towards the preferential use of Google.Adwords.

The installation of a pixel on the website when launching an advertising campaign will help to determine the audience, which will become the basis for the effectiveness at the next stage of promotion for the construction business: targeted advertising. An advertising pixel is an effective way of collecting information about site visitors using SMM technologies, when all site visitors who land on a page with

a pixel and authorized in a social network will form the profile database. This facilitates the subsequent setting up of targeted advertising on social networks after the launch of contextual advertising and the display of the ad to a “warm audience”, those who have already visited the site before.

And only at the next stages, when the portrait of the target audience has already been clarified based on Yandex.Metrica and Google Analytics data, targeting using standard social media filters and retargeting begins. Although broad targeting is practically not applicable in B2B construction, there may be exceptions for a number of mass construction and repair products and services.

Digital communications planning begins with the advertiser filling in a detailed brief. As in many other industries, there is a seasonality in the construction industry and the contractor needs to transfer the relevant knowledge about the range of materials and types of services. The subsequent analysis of queries allows building a smart map of queries, composing a semantic core and cleaning it up.

After completing of these operations, an account is created, work with compliance operators, keywords are sorted, intersections are corrected, analytics counters are set, and goals are set. Before launching a selling campaign, the copywriters with knowledge of digital specifics of the texts will write the selling ads, backing them with well-reasoned visualization that is followed by launching a campaign, maintaining and optimizing it updating the creative [10] (*Sheinina, 2020*). Later or in parallel, the various non-standard digital tools are connected, and this determines the readiness of the target audience for a non-standard type of impact

In opposite to the exhibitions that are often unprofitable for the construction business and rather solve image problems, webinars and other online activities for complex products work great for the result. Such activities are even more important in pandemic and limited personal contacts that is a managed online contact between a client and a company expert, during which it is possible to clarify questions and come to a solution, realizing both advertising and PR goals.

Another effective channel for promotion in the construction business is partnership: joint conferences and seminars, reciprocal mailings through partner databases, where the interesting ideas in the field of gamification, virtual and augmented reality, and other new technologies raise, by helping to promote goods and services in the construction industry at the level of modern requirements and consumer expectations.

1.2. Market study. Use of digital promotion tools.

The authors have obtained an interesting data during the study conducted in form of an online survey of advertisers in the construction industry.

The construction complex is a very diverse industry, including the companies of various sizes, B2B, B2C and mixed, selling various goods from luxury apartments in a residential complex with an extensive infrastructure to a “can of paint” or a “roll of wallpaper” on a construction site that complicated the selection of respondents. The promotion of such companies varies greatly in terms of both objectives and budgets. This fact, as well as the qualification level of the interviewed executives and managers who make decisions about advertising, became a certain limitation in the study, however, the questions concerned the use of digital communications, and it indicated the general trends and turned out to be useful for communication practice.

The respondents discussed the digital tools that are popular today and were asked to mark those that are used in the company (Fig. 1). The authors identified that on average, out of a wide range of digital tools, just few are used: from 3 to 5. Whereas according to the authoritative research company IAB Russia Digital Advertisers Barometer-2019, the advertisers in Russian market use up to 7 tools, while the car manufacturers even use up to 10.

In general, advertisers in construction demonstrated a traditional choice of “tried-and-true” tools: 76% of respondents used contextual advertising in search engines, 81% tried targeted advertising in social networks, which is generally less than in digital communications for other industries. Banners remain popular in construction, despite of the fact that the interest to this format in general is steadily declining. Video formats are used with a caution, due to the limited quality of production.

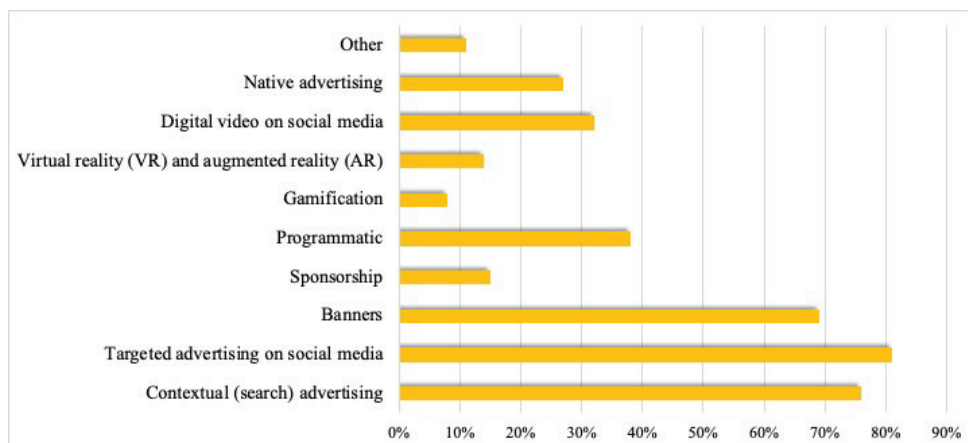


Figure 1. What types of digital communications have you used to promote your company in 2019?

Source: Based on market study 2020.

The respondents were asked to estimate the digital ad spending growth in 2019. The authors deliberately did not ask a question about the situation in 2020 for two reasons: firstly, the digital tools were in favor due to the closure of offices and stores, with no other opportunities to transfer the information, and secondly, the consumption in the construction sector fall down. The most popular answer to the question was 50% to 80% of budget, which demonstrated that digital communication became very important for the construction industry.

Further, the respondents expressed their attitude to some statements. This part of the survey demonstrated that the level of knowledge in the field of information technology in construction requires a certain digital education. For example, many advertisers do not distinguish the online advertising vs. digital advertising, and therefore, the companies should definitely consult with specialized agencies and use their services.

According to the experts in construction industry, the logic of enabling digital channels is as follows: contextual advertising, email marketing, targeting. The choice of digital channels certainly depends on the typology of the target audience.

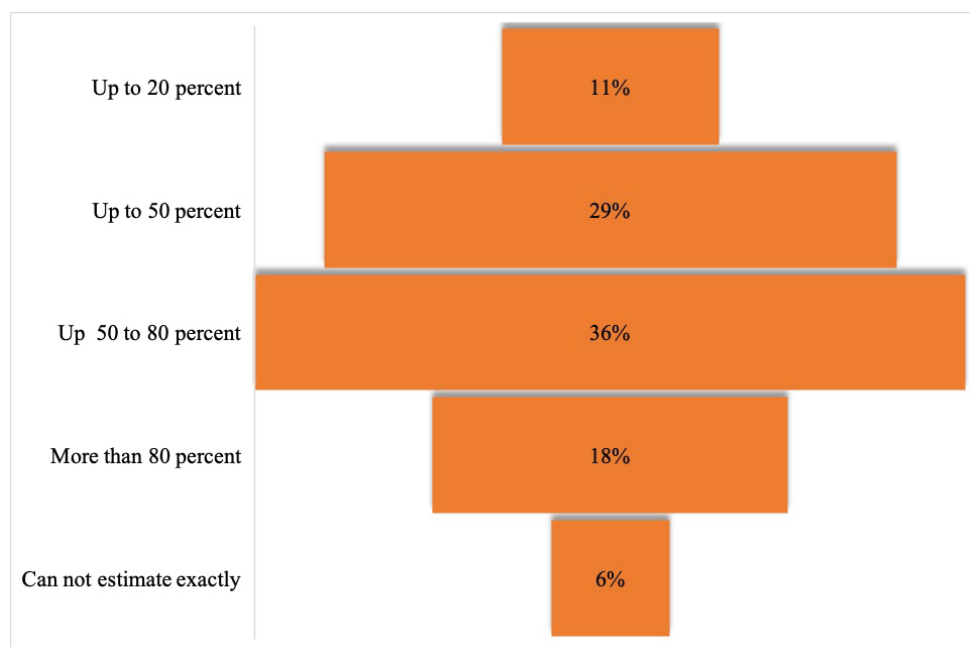


Figure 2. Which share the digital communications constitute in communication budget of your company?

Source: Based on market study.

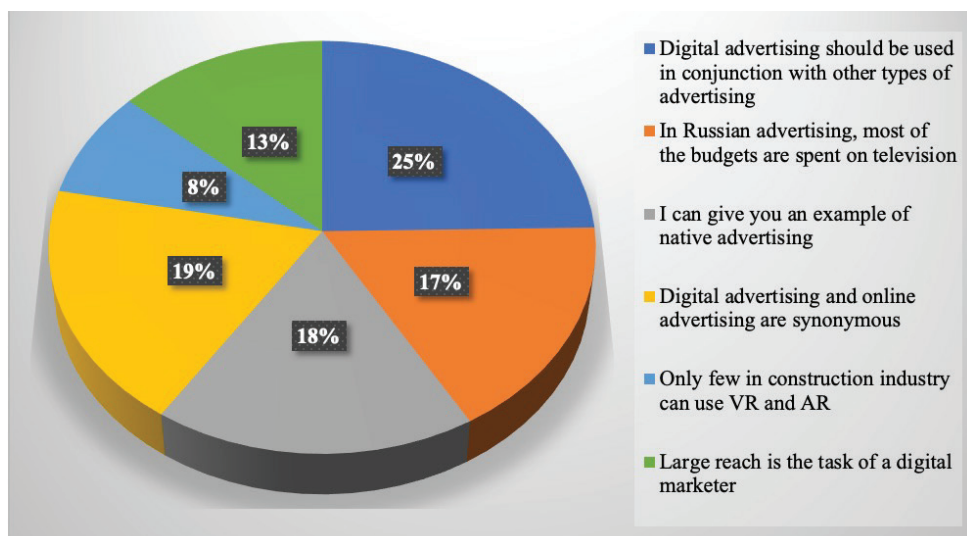


Figure 3. Do you agree with the following? Percentage of those who answered "yes"

Source: Based on market study.

Conclusions

An integrative approach to the management of communications in the building complex allows using the omnichannel principles and achieving the benefits of synergy. To select the tools demonstrating their universal advantages in the practice of digital marketing and ideally suited for the promotion of construction companies, it is necessary to analyze an expanded set of factors that form the demand for real estate (location of objects, their constructive, technological and architectural features, engineering, logistics and transport support, demographic, economic and environmental factors).

The authors reveal the digital promotion model used today in the practice of promoting building structures, its advantages and risks. The importance of developing such models is also confirmed by the latest industry review prepared by the Center for Social and Economic Research "Construction and Real Estate Market: Industry Incentives Amid the Crisis". The communication algorithm, which description is given in the work, is undoubtedly a model that is subject to adjustments in connection with the specific scale of communications (from local to global), with the typology of the target audience business or end users, with a specific type of construction product and service. Further research can help to adapt this model to real conditions and get already applied recommendations on the strategy and tactics of communication work.

The presented material collected and analyzed the opinions of advertising companies about the tools they use in the digital environment for advertising, sales promotion, direct marketing, and public relations. However, the authors found out, these opinions are an indicator of the assessment of the current realities in the field of promotion. The research materials showed that the choice of construction companies in general is quite traditional and even conservative, for example, contextual advertising, e-mail marketing, which has been used for a long time, and does not always correspond to the trends demonstrated by the marketing communications industry, and even more so to their growth drivers.

Therefore, the function of professional management in the construction industry at all commercial communications at all levels is becoming especially important, which involves the use of both the experience and skills of company specialists, and the wide involvement of the agency business represented by specialized agencies: branding, advertising, design, and public relations structures.

First, this concerns the digital agencies that have the pilot developments in the field of programmatic, gamification, virtual and augmented reality, native advertising, etc. The productive alliance of specialists from construction companies and agencies, combining their efforts both in the research field and in conducting communication campaigns, concluded the possibility of a sustainable withdrawal of communications of construction companies to a fundamentally new level. The value of this study lies in the formulation of such an integrative task for the flagship structures, which position the competitiveness of brands in the Russian construction market depends. ■

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