Editorial for the Special Issue on Business Development and Marketing in Construction

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Introduction

Business development and marketing are two important business functions. Business development is a concept that relates closely to strategy and is part of the business model. It is the function of growing a business through a range of activities from mergers and acquisitions, financial and performance management, and their associated revenue and profit streams. Business development includes marketing and sales as a distinct activity (Sørensen, 2012). Marketing and sales or ‘business development management’, the name given by practitioners, is an integral part of project-based firms or project businesses in general and hence for construction firms in particular. There are a number of important interfaces:

- Marketing, as it cascades into sales or business development, is about value as well as selling, therefore identifying, creating and delivering potential value in the form of value propositions. Value is a central issue because it constitutes a general means to secure market influence and reputation, and a specific means to secure repeat business.
- Selling a potentially valuable construction service is achieved through integration using mechanisms of cross-functional coordination and in the system integrator role, aligning supply chain delivery to the value propositions developed through business development and bid management.
- Contact is needed to sell and is managed with existing clients between contracts and for most new ‘good’ and targeted clients commences prior to any project opportunity. Business development cascades from the business development function and programme management level in a contracting firm into the construction opportunity where activity becomes located at the front of the construction project front-end. Business development, therefore, operates in parallel with organizational and marketing capabilities in the firm and at the programme management level and the project level to progress the opportunity through prequalification and bidding prior to delivery on site.
- Business development managers (BDMs) conceptually are involved in project shaping at the front end to help form value propositions, using knowledge and learning gleaned from clients and end users through contacts, ongoing and completed works.
- BDMs conceptually are involved in client management during project and construction management over the project lifecycle, sometimes highlighted and assigned to the programme management role of key account management (KAM) on the ground.
- There is also a conceptual post-completion role to monitor benefits delivery and impact for learning about how construction facilities are used in context in order to generically inform future value propositions that involves engagement with the range of different end-users including facilities and asset managers.

The interfaces are both conceptual and applied. Practice can be inconsistent and poorly articulated – functions and tasks being implicit in some organisations and absent in others. In the case of post-completion, this aspect largely remains a conceptual ideal rather than practice. Yet for all these items there is an explicit contribution to theory as well as practices as academics have frequently failed to fully articulate the functions and processes involved.

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that interface with or centrally involve marketing and business development. Thus, this Special Issue is as much for mainstream construction management as it is for those being more explicitly interested in marketing and business development in construction.

A number of issues are drawn out from the recent project and construction literature selectively in order to illustrate the arguments. First in relation to projects in general, there has been a recent call for a renewed emphasis upon the benefits and impact of projects (Morris, 2013). This relates to client and external stakeholder satisfaction and to the way that value is realised in use and thus how contractors understand and respond to what is valuable to clients and their end-users of construction projects.

Second, there was an emphasis upon the project as a delivery tool (for example see Packendorff, 1995) until Lundin and Söderholm (1995) developed the theoretical perspective of the project organisation as temporary artifact, which in construction was pre-dated by the concept of the temporary multi-organisational organisation or TMO (Cherns and Bryant, 1984), which has proceeded to occupy a major position in the literature (Winch, 2014). Business development conceptually provides an umbilical cord between the construction firm as a relatively stable and permanent organisation and the (temporary) project organisation – in addition and complimentary to other functions, involving commercial directors, procurement and other key roles.

This forms part of the under-examined areas of commercial activity in project research that Winch (2014) recently identified. Such research links the temporal with the delivery mode of the project, echoing the compatibility of the two theoretical perspectives noted by Turner and Müller (2003). Within transactional marketing emanating from the marketing mix paradigm, the project is conceptually located as the delivery channel, that is within place of the so-called 4Ps (see Smyth, 2015 for further explication), but around 1985 a paradigm shift to relationship marketing was underway that dropped this conceptualisation, especially in business-to-business markets. The paradigm is now obsolete in theory development although residual practices remain in many sectors including construction.

Third, most projects have become more complex (for example, the range of stakeholders) and clients have become more sophisticated in their demands, described variously, for example, as stronger clients (Morris and Hough, 1987; Morris 2013) and intelligent clients (Aritua et al, 2009, 2011). In this context, Winch (2014: 725) cites the concept of project marketing as making a limited contribution although it is correctly stated, “it is rather descriptive” (cf. Miller and Lessard, 2000; Cova and Salle, 2011; Smyth 2015). Project marketing is only one conceptual approach, located within part the relationship marketing paradigm. There are other approaches to marketing for construction.

The supply side can be more rigorous in client engagement during business development to shape projects by helping the client to articulate their needs and desires and to explore how value will be realised on the ground (Vargo and Lusch, 2004, 2016; Smyth, 2015). This links to a recent point raised by Winch and Leiringer who reinforce the need to define the project mission beyond investment appraisal: The commercial interface between the investing owner which supplies the financial resources and the project-based firms it hires to supply the human and material resources is crucial to project success (2016: 276).

With this in mind, this Editorial briefly scopes marketing theory and its application in construction. It then proceeds to examine further some of the key issues to be addressed in research and practice, in particular evaluating the strengths and weaknesses of the current theoretical marketing lens to have emerged from relationship marketing and other influences, namely the service-dominant logic or SDL (Vargo and Lusch, 2004, 2008, 2016). It then proceeds to look at further areas of interest and potential future research. It concludes by
introducing the papers in this Special Issue and assesses where they fit into this picture and how they contribute to developing this field of marketing and business development.

Paradigm, Theories and Shifts in Research and Practice

Marketing has its roots in economics as much if not more than other disciplines, hence, the transactional approach of the first paradigm, the marketing mix. It is based around inputs and exchange (Borden, 1964; McCarthy, 1964). It is focused primarily upon the manufacture of goods, and arose during the era of rapid growth in mass market consumer goods. The resultant production orientation has been labelled the goods-dominant logic (G-D logic) by Vargo and Lusch (2004). It is the paradigm with the least emphasis upon value. Value is considered in terms of value in exchange or the resources being exchanged. The greatest emphasis upon sales – initially upon quantity or strike rates in construction and, later, on the quality of sales by selectivity (through market segmentation, defining market niches and targeting customers). The marketing mix is problematic for construction, yet has been dominant until recent years and indeed remains so in many contractors (Smyth, 2015). There is a range of problems – four of the key ones being listed below:

- In manufacturing, following market research and new product development by the manufacturer, production precedes sales. Sales occur post-production when the product is known and can be searched for and researched by customers for specification and functionality. In construction sales occur prior to production and the signing of a contract and the client is unable to search out the specification and functionality of the finished project (product) – that occurs prospectively through pre-construction design (using consultants to produce the design and specification according to the client’s brief); although, for standardized ‘speculative’ developments, such as much open market housing development, the process exhibits features as in manufacturing (Smyth, 2000).
- Construction projects are unique, designed and specified by professional service firms and therefore contractors have low levels of influence on the content (inputs); and indeed in design and build and build-own-operate procurement, contractors tend to defer to the design team to define the value proposition of the content. Compared to manufacturing, the contractor has less influence on value proposition in terms of content but has considerable influence on delivery as a service (expertise, knowledge and other capabilities) – which the marketing mix does not tackle so well. Indeed, the more the main contractor subcontracts work, the more they are service providers acting in the conceptual role of systems integrator (Davies et al, 2007).
- Construction is also a business-to-business (B2B) exchange rather than business-to-customer one upon which the marketing mix is predicated. The relationship between the organizational actors, which can be longstanding, is overlooked in the marketing mix. Indeed, this was a key factor that gave rise to the next paradigm, relationship marketing, bringing a greater emphasis upon service provision (Buttle, 1996) and relationships between the actors.
- Selling in construction, undertaken by ‘business development managers’ (BDMs), does not have a standard pre-made product to sell. Contractors rely upon working in sectors or procurement routes, around which business units or divisions are often formed, so that the contractors do not take their options to clients but allow clients to preselect the procurement route – a structural solution to a marketing process (Smyth, 2006). Within this firm level of removing many strategic marketing decisions, track record concerning facility and building types is the main transactional tool of selling. It is the closest to the finished product – constituting retrospectively informed prospective supplier selection. One consequence is that BDM roles are, sometimes, limited to the prequalification stage. Bid management is, therefore, managed around meeting the minimum requirements concerning functional areas of expertise to determine technical inputs for construction
delivery. This ignores any possible dissonance between what organisational or societal problem the project is trying to address, that is outputs and outcomes, and the technical inputs derived from the requirements documents, potentially resulting in an implementation gap between the two.

The strong roots in economics provided one influence in marketing. The concern with the marketing mix paradigm led to two major external critiques with a stronger sociological and management influence. The Scandinavian School emphasised the B2B and service problems. They observed that practice did not accord with the marketing mix and so, developed an approach based around service provision and experience derived from the relationships found in B2B services (Grönroos, 2000; Gumnesson, 2000). The Anglo-American School were interested in the added value that arose from B2B relationships – the IMP Group particularly seeing marketing as the other side of the procurement coin (Christopher et al, 2002; Ford et al, 2003). American authors were more pragmatic, focusing in particular around the relationships in exchange (e.g. Jackson, 1985) with Berry (1983) giving birth to the paradigmatic name of relationship marketing. The greater emphasis upon value put less emphasis upon exchange per se and relationships were perceived as the main input for delivering value and added value as means to satisfy customers and secure repeat business. The relationship marketing paradigm is conceptually more suited to construction for several reasons. The relationships are built prior to securing a contract and understanding of the client needs, and expectations can be injected into provision to avoid any dissonance when the documented requirements are addressed during bidding. It is a B2B relationship and service value can be developed through the service experience at the front end and delivery on site.

The transition in mainstream marketing conceptually resonated with relational contracting in construction via collaborative relations to be induced via partnering and supply chain management. However, confusion also grew up between collaborative practices emanating from relational contracts in the marketplace and the investment and commitment to building relationships emanating from inside the construction firm. Practice did not align with theory and, at best, the transition to relationship marketing in construction has been partial (Smyth, 2015).

A project variant of relationship marketing emerged, which is called project marketing (e.g. Holstius, 1989; Cova et al, 2002). It has scoped a set of tools for managing relationships such as the sleeping relationship between projects (Hadjikani, 1996), engaging with the network of stakeholders or milieu (Cova and Salle, 2006) and shaping the project on the supply side (Cova and Salle, 2011). There are a number of criticisms on the limitations of the approach. Two of the principle ones are that it is more of a low level conceptual or descriptive approach for projects similar to over the counter (OTC) in mainstream marketing and that the project tends to become the prime focus of the analysis whereas relationship marketing emphasises the inter-firm relationship (Smyth, 2015).

There is a range of problems with relationship marketing. Four of the key issues are noted below:

- There is an unresolved issue around relationships that echoes a wider contention as to whether relationships are interpersonal or inter-organisational. Are the relationships B2B or actor-to-actor (A2A) (Lusch and Vargo, 2014)? First, relationships are defined in terms of interdependence, degrees of interconnection and interdependence and are multi-layered in terms of organisations and power. Embedding the interpersonal into the organisation has proved difficult through relationship building and procedures, especially through customer relationship management (CRM) software packages, which are over-simplified means to capture the richness and significance of these relationships. Second, relationships are sources of learning and knowledge in order to align firm capabilities
with the value embodied in and through active relationships. The knowledge concerning clients and other stakeholders and what they value tends to remain tacit (Smyth, 2016). Engagement with CRM is low and much of knowledge is not captured through engagement even where engagement is reasonable (Smyth, 2015).

- Relationship building and management has been addressed many in different ways (e.g. Parasuramann et al, 1985; Dwyer et al, 1987; Morgan and Hunt, 1994). It can be argued that various factors and means suit different organisations and are part of a differentiated marketing strategy to establish the market position. However, the diversity of approaches also speaks of a lack of coherence. This is echoed in practice and has contributed to insufficient awareness, leadership and commitment among senior management, which is no more evident than in project organisations (Smyth and Lecoeuvre, 2015). Who builds the relationships is a further complication and confusion at a detailed level of operation. It is the responsibility of marketing and sales or is everyone a part-time marketer as argued by Gummesson (2000)? In construction it is BDMs and KAMs who are charged with this task. When to bring in others is a matter of individual discretion and responsibility rather than guided by relationship management procedure in construction organisations (Smyth, 2016).

- The lack of internal integration has posed a major issue between different functions and departments and has proved to be a significant issue in project organisations (Smyth, 2015). While relationship marketing addressed this by arguing that relationship management is the solution (Gummesson, 2000; Ford et al, 2003), either this has either been poorly implemented or not implemented at all in construction (Zou et al, 2014). This is certainly the case in project organisations, including main contractors. A lack of internal integration, often described in construction in terms of silos and the associated silo mentality, is a considerable problem among main contractors applying transactional business models in finance departments and at the board level in their effort to keep overheads and expenditure to minimum. This is reinforced by the embedded senior management mindset that the project is the prime unit of consideration, which is in contrast to the relationship marketing principles that the client and service provision are of equal importance (Smyth, 2015). The lack of integration promotes concern with programmes of projects among and between all the participants with the consequence of compromising the content and service value delivered and increasing the costs. This has consequences in the supply chain. The systems integrator role can only be a strong as the internal integration and thus for supply chain management. How the supply chain does or does not feed value and added value into delivery is a further issue of integration (cf. Davies et al, 2007) and is a marketing issue at the procurement-marketing interface (cf. Christopher et al, 2002; Ford et al, 2003). It affects technical and service capability on the construction supply side and, thus, the value received by clients and end users (Smyth, 2015).

- There is an assumption in relationship marketing that value comes from the relationships. The management tools of operation are only as good as the collective hands they are in. Not all value comes through relationships, even indirectly, certainly at the inter-organisational level and, to some extent, at the operational level of interpersonal interaction. This is the case in terms of inputs, yet has been challenged more fundamentally in terms of use value in context (Vargo and Lusch, 2004, 2016). BDMs specifically can help configure value propositions and monitor delivery, yet are not totally responsible for delivery. In the absence of integration the amount of value transmitted through the marketing-procurement relationship at the B2B level is challenged (Smyth, 2016). This equally applies to the construction content and the service experience.

- There is also a dark side to relationships. Jin and Ling (2005) showed that deepening the relationship may lead to self-interest seeking actions and opportunistic behaviour. This can be in spite of the original intent and the intent can be to use relationship marketing as a cloak to screen corruption and on occasions enable it.
The latest paradigm shift is towards the service-dominant logic or SDL (Vargo and Lusch, 2004, 2016). It shares elements with relationship marketing and has been influenced by lean and agile theorization and co-production. It states that all products and services render a service, which is realised, not from inputs, but as outcomes in use and context. It sees value as being co-created between organisations and has built on the relationship element in terms of an A2A focus, supported by interactions including dialogue for value creation (see Ballantyne and Vary, 2006; Akaka et al, 2012; Grönroos and Voima, 2013). The link with exchange is almost severed through SDL and the prime focus is value through direct and indirect A2A interactions; value is, therefore, seen as being co-created by the actors, combining the resources of organisations.

SDL has established a series of foundational principles underpinned by five axioms to create value propositions from which value is realised in use (for details see Vargo and Lusch, 2016). Mainstream theorization sees interactions, especially indirect ones as simultaneous with value creation. That holds true for the service element of construction. It can be seen that the timing of the interactions at the front-end does not necessarily occur at the time of value creation of the project content. Co-creation between the stages of putting forward the value proposition by the main contractor involves prior value imagination for the entire project, especially the design, specification and rather requirements (Razmdoost and Smyth, 2015). Thus the imagination, the resultant value proposition and the realization of value are all separated in time and space – the distance between the construction front end and post-completion. This fits with the temporality of projects and their teams and with the dislocation of projects in social space and, in the case of construction, locational space where delivery occurs on site (Smyth, 2015). However, there is a fundamental point in construction (and indeed in most asset specific markets where the contract is signed ahead of provision) that has yet to be fully addressed among SDL researchers, namely, there are two types of service in use and context that are phased. The value realisation in use and context post-completion is generally understood, if inadequately addressed in research and practice (cf. Morris, 2013). This is actually the second stage. The first stage is the service experience during delivery. How well the construction is conducted on site and managed by the main contractor is, itself, as use value and an experience in context – the delivery experience among the client and their design team. The experience follows from issues such as managing the transactional costs, learning, effective integrated working and coordination of all parties to optimize the value for the post-completion stage. This is the value in use element that contractors have addressed in part – for example through early contractor involvement and collaborative practices.

In contrast to GDL, resources are portrayed as dynamic in SDL, combining and integrating the resources of the organisational actors (Vargo and Lusch, 2004; see also Edvardsson et al, 2011; Gummerus, 2013), which is a challenge to the resource-based view of the firm (cf. Barney, 1991). This raises issues and problems surrounding SDL as a paradigm. These are addressed in the section below as part of a broader evaluation of the strengths and weaknesses of SDL.

**Issues to Address**

A problem with marketing in general is the lack of engagement with other research areas, including strategy, business models and competitive advantage in the mainstream management literature. Engagement is beginning to take place regarding SDL, in particular, in relation to value generation. The changing paradigms have led to a considerable shift in the approach to treating value. From the tangible input focus pre-determined by the supplier to a perceptual outcome focus realised in use and context, marketing has increasingly been decoupled from the exchange with price as the measure of value. The link to the business
model with its earning logic has yet to be reassessed. Yet, and despite the emphasis upon price through competitive bidding for construction, the bidding process is also largely decoupled because the bid price, typically, has little to do with the incurred cost at the time of the final account when the exchange process is complete.

There has been some start to link the marketing and management literature around businesses models in the project environment, especially industrial projects (e.g. Kujala et al, 2010, 2011). The construction sector has yet to be similarly investigated. Flowing from this the issues of service innovation and service design have yet to be analysed (cf. Shostak, 1984; Romme, 2003; Skålén et al, 2015). Both avenues would give rise to new potential for generating value propositions in construction theory and practice. Service innovation and design can create new value propositions by means of developing existing or creating new resources and practices by means of integrating these in new ways. Service innovation can provide market-leading propositions (Storey and Kahn, 2010; Michel et al, 2008), which can be facilitated through dialogue for co-creation for problem solving purposes (Prahalad and Ramaswamy, 2004).

SDL has proceeded with over a decade of conceptual development and refinement (cf. Vargo and Lusch, 2004 and 2016). There has yet to be much empirical investigation – for example to link inputs to outcomes. Therefore, rather than proceeding to a normative and prescriptive analysis which a great deal of marketing theorisation and research explicitly or implicitly tends to do, we examine some of the strengths and weaknesses of SDL as the most recent and now dominant paradigm.

**SDL Strengths**

What is it that SDL has brought into focus that has hitherto been underplayed or overlooked? The main issues are considered below:

- **Marketing has strong roots in economics and in particular the neoclassical tradition that focuses upon exchange. The shift in paradigms to increasingly emphasise value indicates somewhat of an obsession with issues of exchange and contract in more traditional marketing. Discrete events in consumer markets and an extended delivery period in many asset specific markets, including construction, inadequately encapsulate customer and client needs in terms of service and price. Bid price in construction is particularly pertinent as the outturn sum, or final account, frequently bears scant relationship to the bid price (e.g.,Fellows and Liu, 2000; Flyvbjerg, 2009). Price is not a good estimate of either cost paid or value received by any of the actors. This in part underpins the recent renewed call for more emphasis upon benefits delivery and impact (Morris, 2013), which reflects the SDL focus upon outcomes in terms of value in use and context.**

- **SDL has been a decade in the making and it is to the credit of Vargo and Lusch that they have been prepared to embrace criticism from others. They have refined and developed the foundational principles and generated axioms to guide further conceptual development and empirical investigation (Vargo and Lusch, 2004, 2008, 2016).**

- **The co-creation of value is the foundational principle that most authors have alighted upon. This is then linked to value realisation in use and context. The context is an important refinement in SDL (Akaka et al, 2013) and is important in construction because of the uniqueness of each project located in social and physical space. For projects, researchers regularly acknowledge the importance of context whether internal or external (e.g. Engwall, 2003; Pellegrinelli et al, 2007; Grabher and Ibert, 2011). Kreiner has pointed out that the normative agenda of project and construction management to try to eliminate uncertainty and overcome context is illusory and fallacious (e.g. Kreiner, 1995, 2012). However, many authors refer to context as important as if it is self-explanatory in itself, whereas the causal disruption and contribution of context merits extensive consideration and needs assessment. Culture is a
particularly important facet of context at both the organizational and national (societal) levels (e.g., Fellows and Liu, 2013; Brookes et al, 2014). Value in context is an important conceptual contribution that can be built upon in future work to help unpack causal power of context in ways that project and construction management have not achieved in practice and contingency theory has largely failed to achieve theoretically (see Shenhar et al, 2001; Shenhar, 2007; Scott, 1995; Lundin and Söderholm, 1998; cf. Bhaskar, 1975; 2011; Sayer, 1992). Complexity theory (e.g., Greenwood et al, 2011) and field theory (e.g., Fligstein and McAdam, 2011) may provide some useful insights in this regard.

- Proponents of SDL have analysed the enhanced value achieved through the co-creation of value (Karpen et al., 2012; cf. Agarwal and Selen, 2011 regarding service design and innovation). SDL places primacy on analysing what is in the classic research tradition (Vargo and Lusch, 2004), whereas there is a stronger normative element in the literature (Prahalad and Ramaswamy, 2004) which enhancement speaks to in terms of analysis for prescription in practice (Karpen et al., 2012). This is a strength but with overtones of weakness too.

**SDL Weaknesses**

What is it that SDL has neglected to focus upon or has detrimentally underplayed? This partial critique addresses the main points of weakness. It is subdivided into issues that form part of an internal critique that need further work in order to continue to refine SDL and issues that move towards an external critique that ultimately lead to succession by a new paradigm. First, the main internal weaknesses are addressed:

- SDL has been a decade in the making yet is still in its infancy (Ostrom et al, 2015). The willingness to address criticisms and accommodate revisions (Vargo and Lusch, 2016) may yield longevity. However, there has been a lack of empirical investigation until recently. Tourism and hotel management have been pioneering areas in this respect (e.g. Shaw et al, 2011; FitzPatrick et al, 2013; Wang et al, 2013). That is probably because there is an easy fit between the theory and practice as use value is experienced as service provision prior to and during exchange over a short period. There are parallels to projects in terms of service provision during delivery, yet the overall alignment is poor because of the uniqueness of the project content and place of service provision. Therefore very few studies have been conducted (Liu et al, 2013; Smyth, 2016). Use value and context have yet to be fully addressed in asset specific markets such as construction. Transferability is problematic because sales is ahead of the contract giving rise to twofold use value – during delivery and post-completion, yet this also gives rise to greater opportunities for co-creation of value through interaction and dialogue.

- Building upon the interaction the issue, akin to relationship marketing, is the question of who co-creates value, when and how. Within the main contractor this raises the role of BDMs again, but more fundamentally it introduces power asymmetry in B2B and A2A interactions across multiple roles (Fuentes and Smyth, 2016; cf. Vargo and Lusch, 2008). This leads to a broader issue of the distribution of organizational value benefits, particularly the financial value paid to contractors (see the external critique below).

- Grönroos (2011) has raised the issue as to whether SDL necessarily works at the micro-level. Following from this, what does dialogue and other interactions actually mean and look like on the ground? This is currently varied, as found in relationship marketing, and insufficiently specified (cf. Prahalad and Ramaswamy, 2004; Ballantyne and Very, 2006; Karpen et al, 2012; Hsieh and Hsieh, 2015). Is interaction and dialogue simply the reinvention of relationship marketing principles at an A2A rather than B2B level and thus application of interpersonal relationship building with new language? In construction this would suggest revisiting collaborative practices, joint problem solving, and action under formal relational contracting involving partnering and supply chain management. Alternatively, is there a new way forward where the co-creation of value is about inputs around interactions leading to a series of service outcomes for stakeholders?
It has been argued that co-creation requires more than A2A interactions, involving a shift in routines to become a force using imagination (Razmdoost and Smyth, 2015), backcasting (Smyth, 2015) and building upon blueprinting and other methods as part of service design (cf. Shostak, 1984; Romme, 2003).

Co-creation of value may not always be beneficial and disbenefits may arise (Echeverri and Skålén, 2011) particularly due to unintended consequences, especially in service design – see below. This, in turn raises the symmetry of power and, particularly interests that enable the mutual co-creation of value (Ballantyne et al, 2011; Vargo and Lusch, 2008). Interests may be aligned, and even equal, yet not necessarily the same with the potential for misalignment to occur during any co-creation process whether the actors conduct the activities simultaneously or sequentially.

Despite widespread use of the term value proposition, there is surprisingly little research into their formation and content in marketing and bidding (Skålén et al, 2015). Under SDL value propositions are to be evaluated from the perspective of the co-created value – the potential realisation in use, which, for projects, is the service provision during construction and post-completion outcomes. There is reference to value propositions in the business model literature, for example value propositions as one of four key business model elements alongside key resources, key processes and the potential profit derived from the earning logic (Johnson et al, 2008). The derived earning logic is also the use value for the provider – the realised profit, although whether the distributions of benefits is balanced or equitable is hard to assess given that SDL is so far removed from the exchange. Specifically, are contractors securing equitable benefits, in terms of profits and growth, set against the benefits enjoyed by the client and end-users? This leads towards an external critique of SDL because it is empirically hard to evaluate this issue empirically, even with linkage to exchange.

Second, some of the main external weaknesses are examined, presenting a more challenging set of issues for SDL to address:

SDL treatment of power and benefit distribution as (a)symmetrical was raised above. While the preoccupation with exchange may have some disadvantages because it starts with the market as a pre-given or ‘natural’, rather than socially constructed artifact, the SDL problem is that is moves so far from exchange. Price, therefore, is no surrogate or measure of benefit to the supplier (the contractor). Connection is needed as recent research in projects already shows that there is disjuncture and dissonance in practice between finance and marketing in determining the criteria for decision-making (Smyth and Lecoeuvre, 2015). This concerns investment to yield a return where finance directors are insufficiently informed of value in use of investment within their own firms. They are driven by transactional criteria around annual dividends to shareholders and incentive payments to senior management. The resolution of these issues, especially in construction and other asset specific markets, is a fundamental challenge.

The above issue in part revolves around short versus long-term horizons. Grönoos (2011) has raised a related problem – when does value realisation start and finish? This is straightforward for service provision during delivery, because of the temporal nature of service provision related to site work. It is particularly problematic with construction projects post-completion, many of which remain functional for a very long time, sometimes hundreds of years. Some change their function over time, for example the Musée d’Orsay in Paris, which was originally built as a train station, or the Sydney Opera House, which has a function as a tourist attraction and as a symbol to brand Sydney and Australia that extends beyond the original criteria for commissioning the facility. Over how long a period should assessment of value in use and in a changing context be assessed?

In construction there is a twofold aspect to value in use – the service during delivery and post-completion benefits. Some criticisms of SDL have taken narrower viewpoints.
Value as experience has been one approach, which relates to Vargo and Lusch’s foundational principle that all services and products render a service (Helkkula et al, 2012), and relates to the business model concept of earning logic on the one hand and service design too. Akin to this is the point made by Grönroos that SDL is better addressed as a service logic (2011). Others have retained a customer focus calling for a customer-dominant logic (Heinonen et al, 2015). Thus, the status of SDL is indeterminate in the face these criticisms, especially as some of the SDL foundations are difficult to examine empirically.

- However, there is a further attribute that has yet to be addressed and that is the rentier question. Rents are charged for (perceived) use value and many of the most successful commercial organisations are making more money from rents and rent seeking through the provision of a successful product or service. Related to construction is rent from property developers and investors. On the one hand property is an extremely useful way to apply the SDL lens in order to see how organisations are securing rents, so re-establishing some linkage with exchange; on the other hand many economists have been concerned about rentier activity from Adam Smith (1776) to Karl Marx (1867), who essentially see rents as private taxes on other productive economic activity. The argument is that rents reduce opportunity for new wealth creation and thus hold back aggregate economic activity. In this way SDL could be used as an ideology to justify rent seeking activities. In construction it could be argued that because of the fragmentation in the market place and the inability to quantify returns for projects post-completion, contractors and their supply chains secure insufficient financial returns due to rents that, currently, flow to the clients over the long term.

It remains to be seen whether and how these criticisms are addressed and a more decisive evaluation in relation to construction and the actors across the construction sector. In that regard, the perspective of sensemaking (e.g., Weick, 2009) may be of considerable use to address how the actors determine meanings and resolve differences between them (Fellows and Liu, 2016).

**Areas of Interest and Future Research**

There is a broad range of topics yet to be explored in marketing in general and pertaining to construction. For example, a rapidly emerging topic is entrepreneurial marketing (e.g. Morris et al, 2002; Read et al, 2009; Ioniță, 2012), which is not paradigmatic, but may become so. Entrepreneurial marketing can be applied by individuals and teams in large organisations and has recently been examined for a major construction project (Edkins and Smyth, 2016). Also the business and organisational cultural differences between parties involved often play an important role in the way, and to which extent, the value is experienced by the different parties involved. This occurs particularly during the realisation of construction projects in the form of service experience during delivery (e.g. Tijhuis, 1996; Tijhuis, 1999; Tijhuis, 2011; Tijhuis and Fellows, 2011). There are a number of general areas of interest that are still to be examined. We consider a few of these from the SDL perspective below:

- The processes of co-created value have yet to be scoped. For example, in construction, are all collaborative practices included?
- Sense making as a way of interpreting and, hence, assessing value in use and context that has yet to be examined in theory and practice.
- Innovation, which feeds into value propositions and effective delivery, plus joint problem solving constitute the co-creation of value where developed through dialogue and interactions, but how intense and what is the balance of contributions to the process has yet to be examined for different types of innovation in construction.
• How are value propositions delivered, raising the same issue that was faced in relationship marketing where commitments made by BDMs and in bid documents need to be delivered on site? A commitment or promise register incorporated into the risk register could be a means to carry forward the non-contractually binding potential value as commitments for delivery, but what is current practice at a detailed level?

• SDL is a prime candidate for studies employing action research. This alleviates the tendency to use theory in normative and prescriptive ways, yet opens up the opportunity to both ‘test’ theory on the ground and potentially plug some theory-practice gaps.

• Use value and outturn, or final account costs, can be research in tandem. An examination has the potential to reconnect SDL to exchange through a neglected financial research topic and would also help address the balance of power in the market between organizational actors.

• SDL offers a theoretical lens to address a range of other current topics of importance, such as:
  a) The role of BIM in co-creation, especially using longitudinal analysis and BIM technology and management as capabilities evolve;
  b) The delivery interface with end-users in the core operations and in key related functions of facilities management and total asset management;
  c) Climate change and environmental sustainability, where value in use and context is not merely client or end-user operations but a corporate responsibility and societal issue.

• Examining the distribution of benefits in the property development market where the value in use is evaluated in development to assess the distribution of financial rewards between the property developer and the contractor. The study would provide a good entry point to commence the examination of rent and use value using the SDL lens.

• There is work to be done in the nexus of main contractor business models, business development management using SDL, linked also to service design and experience. At the other end of the conceptual spectrum is the application of strategy as practice in regard to examining the co-creation of value.

• Social media is a domain of high levels of rapid and intense interaction and dialogue and its use in construction for knowledge sharing in general as well as specifically in relation to BDM practice, bid management and value co-creation. Social media is a therefore ripe for extensive and detailed investigation (see Swarts et al’s article in this Special Issue as a starting point).

• There is also work to be done in the field of SDL related to business and organisational culture from the viewpoint of SDL (cf. Tijhuis, 2011), especially when considering experiencing the value during delivery, where the interaction between parties plays an important role for co-creation in relation to conflicts within construction processes.

• The recent advancements in SDL that consider service ecosystems, which feature A2A interactions, multi-level relationships and the role of institutions (Akaka et al, 2013; Vargo and Lusch, 2016), need to be empirically investigated in construction. This will help facilitate analysis of the distribution and balance of realised value among the actors within a service ecosystem and the role of institutions in facilitating or impeding value co-creation in the construction industry.

This section provides a selection of research issues for further examination. The topics and areas are far from inclusive. Yet the range of issues raise here not only gives rise to opportunities for rich research, but also indicates a point raised early on in the editorial, which is that researchers as well as practitioners have overlooked and underplayed the role and contribution of marketing and sales to construction and project management in general.

It is hoped this editorial and the articles in this Special Issue help stimulate more rigorous consideration of this key area of theorisation and practice to construction and project management.
Summary of Articles

The Special Issue articles cover a range of topics. Each article will be very briefly summarised and a brief assessment provided as to how it relates to the other papers and how it contributes to the concept of business development, and the domain of marketing and sales or ‘business development management’ as it is generally labelled in practice. The Special Issue solicited two papers around the issue of business development as a concept, compared to marketing as a concept under it. This may be partly because project businesses have strategic objectives yet the construction project is the primary unit of consideration from managing and finance director down to commercial and project managers. The result is a weak mid layer where strategy development and implementation is located, which includes business development and how this fits into the business model. This is in part echoed in the literature on projects and construction.

The article by Ling and Li looks at the architectural and engineering consultants that have entered the Chinese market. The paper looks at the link between competitive advantage and business models of international entrants into the Chinese market, especially focusing on differentiation. Ling and Li focus upon strategies of cost leadership and differentiation. The contribution is the recommendation for firms to develop robust business models to inform and deliver their strategies. This paper is located within the concept of business development for entry into overseas markets. Preece et al consider the decision-making concerning market entry of international contractors. They consider the ability of the firm to read market signals, assess opportunities and the mobilisation of resources to meet the entry requirements. The firms found to be best placed are with long-term strategies. They are able to effectively assess the opportunities and enter a market. These firms use their knowledge base in support. The empirical focus in provided by Malaysian contractors. The authors propose a decision-making model in support of assessment of market entry. This paper is also concerned entry into overseas markets, yet the analysis is positioned at a different layer, that of decision making, than the previous paper on business development.

Cheung et al review some important elements in the approaches offered by marketing prior to looking at project actors as a source of rich information for evaluating strategic programmes through four concepts of SDL, namely, developing new skills and knowledge through relational interactions, enhancing these through early engagement, strengthening interactions with the supply network, and enabling clients to improve the articulation of the value propositions through dialogue. The paper is essentially building on the progress made to date in industry in the transition to relationship marketing, yet extends the analysis by applying the SDL lens to identify the rigour of practice. The focus is construction in the education sector, which is returned to in the later paper by Mills and Razmdoost value co-creation – see below.

Murtagh et al address the role of environmental sustainability in marketing of small architectural design practices. SDL is applied to marketing sustainable design. They consider marketing not only in terms of customer or client requirements, but also consider the environment as a ‘stakeholder’ in its right that can be addressed by SME managers by applying marketing criteria. The emphasis within the SDL upon value realisation in use is particularly relevant in this regard.

Razmdoost and Mills address the transition from transactional marketing to relationship marketing and SDL. They argue that the transition is not adequately understood. As noted above, this lack of awareness and deep understanding is seen in both research and practice. The paper addresses practice through an informed theoretical discussion. The data is drawn
from the field of industrial and engineering projects in order to provide an in-depth analysis of service-led relationships.

**Hellström et al** drill down to the level of solutions selling in projects and consider the implications for construction. They approach the development of generating valuable solutions through examining a portfolio approach comprising complex problems from which solutions can be efficiently configured and sold. The portfolio level for solutions selling and value generation is argued to be an important firm capability. This paper is important in that it links sales and capabilities, and, business development and operations. It is, therefore, located with recent work on value creation and service provision in marketing, and links with elements of SDL.

The paper by **Mills and Razmdoost** addresses the management of the value co-creation process and is, therefore, firmly located in marketing theorisation emanating from SDL. The empirical focus is the educational capital programme in the UK. It is particularly interesting because of the longitudinal approach adopted. The marketing concept of key account management or KAM is employed in order to address the range of stakeholders that form a multi-headed customer base on the ground. In addition to the co-creation of value, the co-destruction of value is addressed. Relationships can become uncoupled and resources withdrawn. They conclude that value interactions are clustered in time. The consequence is that co-creation is not necessarily sustained long term. They argue for a strong KAM function that spans organisational and stakeholder boundaries.

**Swarts et al** adopt an exploratory approach to the phenomena of social media in construction. They report on some tentative and preliminary investigation of the phenomenon to see the scope for analysis using the relationship marketing paradigm and specifically customer relationship marketing or CRM. They find this fruitful and an area worth further and more detailed examination. Social media is an emergent research area. It had yet to be explored in construction until now. There is potential for further exploration and examination by applying the theoretical lenses of relationship marketing and SDL. The digitisation of the economy reconfigures the way in which interactions are conducted and is a fruitful source of co-created value (Prahalad and Ramaswamy, 2004). This article is, therefore, included as first step along that path from a marketing viewpoint within the construction context.

**References**


