Future Market Research of a Roofing Company: A More Competitive and Fast-Growing Construction Industry in the Philippines

Section: Research Paper

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August Anthony N. Balute
: Philippine Christian University, 1648 Taft Ave, Malate, Manila, 1004 Metro Manila, Philippines
E-mail*: augustanthony.balute@ue.edu.ph

Marjorie Cuyos Solomon
: AMA University Maximina St., Villa Arca Subdivision, Project 8, Quezon City, Philippines
E-mail*: marjorie.cuyos@gmail.com

Mateo D. Macalaguing Jr.
: Philippine Christian University, 1648 Taft Ave, Malate, Manila, 1004 Metro Manila, Philippines
E-mail*: mateo.macalaguingjr@pcu.edu.ph

Virginia M. Bautista
: Manila Central University, Calle Cuatro, Morning Breeze Subdivision, Caloocan, 1400 Metro Manila
E-mail*: virgie_bautista04@yahoo.com

Abstract

This study aims to help a specific roofing company to help market their product and identify what industry should they focus. Differences in production and location are taken into consideration. Choosing the right marketing strategy will make the company more profitable. A marketing plan is a business's operational document for outreach and advertising to generate leads and reach its target market. Marketing refers to the activities of a company associated with buying and selling a product or service. It includes advertising, selling, and delivering products to people. Research has shown that construction materials and equipment may constitute more than 70% for a typical construction project. As the construction industry in the Philippines grew bigger, suppliers of construction materials have been busy marketing their products to prominent contractors in the industry. These suppliers should have an effective marketing strategy for them to be relevant. Roofing companies belong to this group of suppliers. Like most construction trades, roofers rely mostly on reputation. They must build their reputations through reliable, proven marketing techniques and projects completed should exceed clients' expectation. They should continually adjust their strategy to take advantage of emerging opportunities or looming threats. In this time of fast-growing construction industry, roofers will have an opportunity to increase their profit by providing quality products and services and use of improved marketing strategy

Keywords: Roofing, Construction, Interpretation, Visualization, Data, Waikato Environment for Knowledge Analysis (WEKA) Data Mining Tool

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Introduction

The booming industry of construction is evident today. A lot of high-rise buildings can be seen being constructed, highways being repaired, subdivisions being developed, and factories being renovated. According to the Philippine Statistics Authority (PSA) [1], the construction industry grew by 21.3% in the fourth quarter of 2018, faster than the 4.3% growth recorded in the previous year. The total value of constructions reported at P104.8 billion went up by 45.4% compared with the registered amount of P72.1 billion in the third quarter of 2017. It was said that the growth was driven by increases in both public and private construction. Research also noted that the Philippine construction industry is projected to steadily expand over the next decade, gradually expanding at an average real rate of 9.8% in the decade between 2017 and 2026. New developments are also expected in the areas of Bonifacio Global City, Pasig, Quezon City and the reclaimed areas in Muntinlupa.
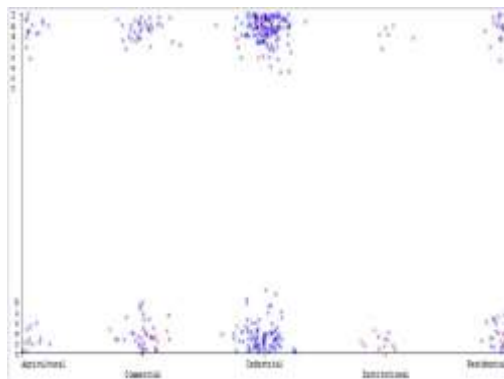
Presentation of Figures and Tables: As stated above, Figures and Tables must be embedded within the main text. They cannot be set across two columns, and must be clearly readable when viewing the manuscript at 100% zoom, or when printed. Figures and Tables must also be separated from the main text with a blank line.

Statement of the Problem

This study will help determine future market concentration reference of a roofing company in the more competitive and fast-growing construction industry in the Philippines. Specifically, the research will answer the following:
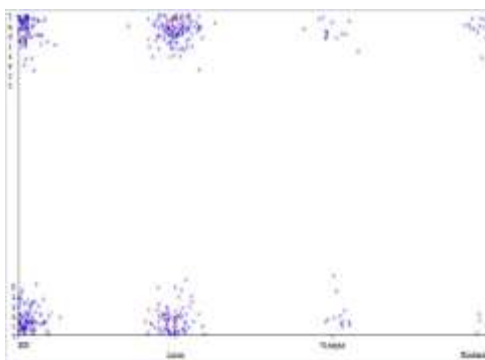
1. How many closed projects are completed in 2018 with regards to customer type, project location, projects contracted with labor and customer relationship?

2. Do these projects meet the company's expectation with regards to profitability?

Fig. 1: *An example of a Customer Type and Customer Relationship and its Profitability*

Most of the projects are concentrated in the area of an industrial type of customers and with indirect customer relationship. Most of the projects met the expected profitability set by the company but most of the unprofitable projects are also in the area of the said attributes.
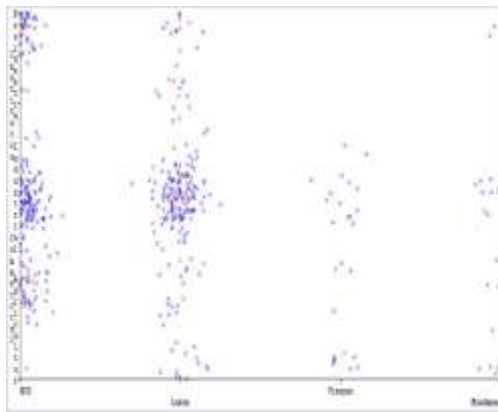

Fig. 2: *An example of a Project Location and Customer Relationship and its Profitability*

Most of the completed projects in 2018 are in Luzon and in NCR, with indirect customer relationship. It is visible that there are very few unprofitable projects distributed in Visayas and Mindanao. Indirect customer relationship with no labor contract is concentrated in the third graph. Profitable and unprofitable projects are just as the same with a direct and indirect customer relationship with regards to labor contract inclusion.
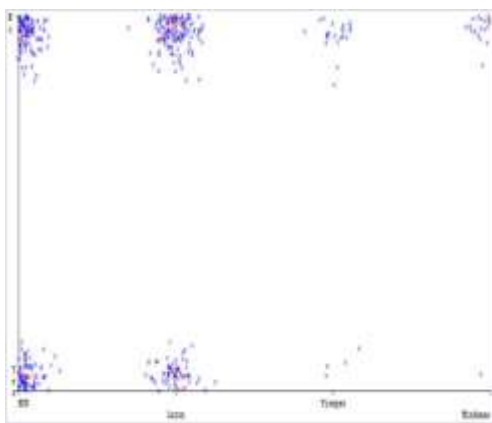
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Fig. 3: *Labor Contract Inclusion and Customer Relationship and its Profitability*

Project location with regards to projects with labor contract is distributed mostly on the upper area of the graph, or in the area of NCR and Luzon, and with no labor contract.
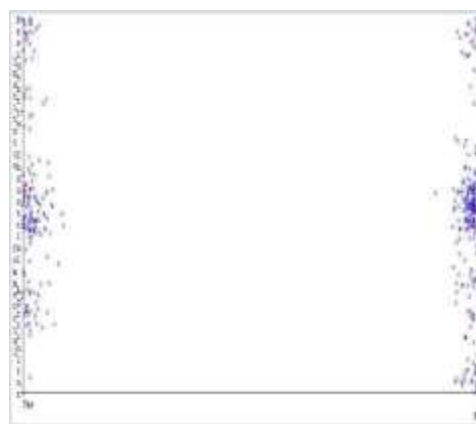

Fig. 5: *Project Location and Customer Type and its Profitability*

Most of the projects were in Luzon area, under industrial type of customer, as well as with the unprofitable project

Fig. 4: *Project Location and Labor Contract Inclusion and its Profitability*

The next graph shows the project location and customer type and its relationship to profitability.

Fig. 6: *Labor Contract Inclusion and Customer Type and its Profitability*

Lastly, inclusion of labor contract and customer type are show non the graph below. Majority of the projects without labor contract are under industrial type of customer. Unprofitable projects are distributed for under the five type of customer, likewise with inclusion of labor contract.

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Table I. Conceptual Framework

INPUT	PROCESS	OUTPUT
Customer Type: Agricultural Commercial Contractor Industrial Institutional Residential **Location** NCR Luzon Visayas Mindanao **With Labor?** Yes No **Customer Relationship?** Direct Indirect **Profitable?** True False	**Observation** **Statistical Analysis:** - Frequency Distribution and percentage -Ranking - Weighted Mean -WEKA	Recommendation: Focus should be on the projects that appeared most in terms of the given attributes. Should also take into consideration if the project is profitable or not.

A roof is a structure forming the upper covering of a building or other shelter. Its primary purpose is generally to provide protection from the elements, but it may also contribute to safety, security, privacy, insulation, and so on. Roofs can be constructed from a wide variety of materials and in a wide variety of shapes depending on the requirements they must satisfy, the local climate, the availability of materials and skills, the span to be covered. [5]. Roofers must study the market, align their marketing plan to their strengths, and implement tactics to carry out the strategy. Marketing plans can be as detailed or as simple as you can create, but a basic marketing plan answers only a few key questions that establish what your company is currently doing successfully to market: your future goals for marketing performance, how your current customers relate to your company and how you can attract more customers. Your marketing plan can be as simple as a one-page outline listing key points or it can be many pages that include timelines, benchmarks, branding guidelines, and design guidelines and budget. [6]

Table II. Distribution of Completed Projects as to Customer Type

Customer Type	Frequency	Percentage	Rank
Agricultural	27	6.09%	4
Commercial	75	16.93%	2
Industrial	272	61.40%	1
Institutional	17	3.84%	5
Residential	52	11.74%	3
Total	443	100%	

Table 2 shows that most of the completed projects are from the industrial type of clients, having 61.40% of the population. This is followed by commercial type with a frequency of 75 or 16.93% of the total. Residential type of clients ranked third or 11.74% of the population. Agricultural and institutional are at the fourth and fifth place, respectively.

Table III. Distribution of Completed Projects as to Location

Project Location	Frequency	Percentage	Rank
National Capital Region (NCR)	190	42.89%	2
Luzon	208	46.95%	1
Visayas	26	5.87%	3
Mindanao	19	4.29%	4
Total	443	100%	

Table 3 demonstrates that Luzon ranked first with a frequency of208 or 46.95% of the completed projects. National Capital Region has a frequency of 190 or with 42.89% of the population. Visayas and Mindanao are on the third and fourth place, having 5.87% and4.29%, respectively.

Table IV. Distribution of Completed Projects as to Inclusion of Labor

Labor Contract	Frequency	Percentage	Rank
Yes	155	34.99%	2
No	288	65.01%	1
Total	443	100%	

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Table 4 expresses that most of the completed projects in 2018 are without a labor contract, with 65.01% while projects with labor contract ranked second, with 34.99% of the total.

Table V. Distribution of Completed Projects as to Customer Relationship

Customer Relationship	Frequency	Percentage	Rank
Direct	196	44.24%	2
Indirect	247	55.76%	1
Total	443	100%	

Table 5 shows that the completed projects composed of 299 direct customers and 144 indirect customers (sales with contractors or resellers) or 67.49% and 32.51% respectively.

Table VI. Presents the Frequency, Percentage, and Rank Distribution of the Completed Projects as to Profitability

Profitability	Frequency	Percentage	Rank
True	38	86.00%	1
False	62	14.00%	2
Total	443	100%	

Table 6 illustrates that most of the projects had met the company's expected profit with a frequency of 381 or 86.00% while only 62 projects did not meet the expected profit with 14.00% of the total project.

Table VII. Profitability Rate as to Customer Type

Customer Type	Weight	Profitability Rate as Per Customer Type	Weighted Profitability Rate
Agricultural	0.0609	88.89%	5.41%
Commercial	0.1693	82.67%	14.00%
Industrial	0.6140	90.07%	55.30%
Institutional	0.0384	58.82%	2.26%
Residential	0.1174	76.92%	9.03.%
Total	1.0000		86.00%

Eighty-six percent of the total completed projects is profitable. Industrial type of customer contributed the most with the weight of 55.30% of total profitability. This is followed by commercial, residential, agricultural and institutional with a weighted rate of 14.00%, 9.03%, 5.41%, and 2.26%, respectively.

Table VIII. Profitability Rate as to Project Location

Project Location	Weight	Profitability Rate as Per Location	Weighted Profitability Rate
NCR	0.4289	87.37%	37.47%
Luzon	0.4695	83.17%	39.05%
Visayas	0.0587	96.15%	5.64%
Mindanao	.0429	89.47%	3.84%
Total	1.0000		86.00%

For project location profitability rate, Luzon and NCR have the highest contribution having weighted profitability rate of 39.05% and 37.47%, respectively. Visayas and Mindanao have only a profitability rate of 5.64% and 3.84%, respectively.

Table IX. Profitability Rate as to Inclusion of Labor

Labor Contract	Weight	Profitability Rate as Per Inclusion of Labor	Weighted Profitability Rate
Yes	0.3499	83.23%	29.12%
No	0.6501	87.50%	56.88%
Total	1.0000		86.00%

The table shows that most of the projects have no labor contract, as well as it contributes greater profit compared to projects with the labor contract. This confirms by the computed weighted profitability rate of 56.88% for "no" and 29.12% for "yes".

Table X. Profitability Rate as to Customer Relationship

Customer Relationship	Weight	Profitability Rate as Per Customer Relationship	Weighted Profitability Rate
Direct	0.4424	83.67%	37.02%
Indirect	0.5576	87.85%	48.99%
Total	1.0000		86.00%

Table 10 displays that most of the profitable projects are under indirect customer

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relationship. It has weighted profitability rate of 48.98% while direct customer relationship as 37.02%.

Conclusion: The study reveals that a roofing company in Quezon City has most numbers of projects completed in 2018 under industrial type of customer, having a rate of 61.40%. It is reasonable since the said roofing company is fabricating insulated panels, which are commonly used for warehouses and sometimes for cold storage .But then, this product can still be used for other customer needs (e.g. commercial buildings, residential houses, institutions and schools and poultry farms or agricultural structures). Most of the completed projects are located in Luzon area. Since most of the industrial plants are located here, the company captured more market in the said area with a rate of 46.95% of their total completed projects in 2018. For inclusion of labor contract, most projects have no labor contract. This is composed of many projects as per sales contract but with smaller value compared to projects with labor. Most projects with labor are large projects with complete package (delivery of materials and installation). Majority of customer relationship is under indirect type. This includes sales with contractors and resellers. Since most customers are industrial, generally these are plants and warehouses and are large projects, contractors are commonly present in this task. Also, lot of smaller contractors and developers purchased products from the company.

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