The Barbour Report 2003

Influencing Clients

The importance of the Client in product selection

Barbour Index

Practical guidance for building your business

Barbour Index Ltd

Barbour Index is the leading UK supplier of specialist information services to construction professionals, facilities managers and those responsible for health and safety at work. The company's services are available via a range of media including web, CD-ROM and hard copy.

For more than forty years, Barbour has connected building product manufacturers with key buyers and specifiers. Services such as the Building Product Compendium, the Enquiry Service and Building Product Expert put manufacturers in touch with product decision makers, providing suppliers with excellent opportunities for generating new business.

Barbour has utilised the latest technology to create seamless links between its services, forming an integrated set of working tools that give users fast and easy access to the technical and product information they require. As an example, Construction Expert and Building Product Expert offer an integrated service available at the user's desktop, developed specifically to meet the needs of design professionals.

Lychgate Projects Ltd

Lychgate is a market research, marketing consultancy and lead generation company, specialising in the construction market. The company has an excellent knowledge and understanding of the dynamics of the industry, applying this expertise to tailored studies designed to meet clients' specific information requirements. Studies include customer satisfaction monitoring, image assessment, market share measurement, new product research, market profiling and brand awareness.

Interviews are regularly carried out across the full breadth of the construction industry, from design professionals to main Contractors, sub Contractors, developers and end users, including major repeat buyers of construction projects. The company's field force of interviewers is highly experienced in the challenges of identifying and questioning decision-makers within business environments.

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Foreword

Michael G Ankers, Chief Executive, Construction Products Association

One of the first things that the newly established Construction Products Association published at the beginning of 2000 was a document called 'Modern Materials and Components'. This provided a summary of 20 of the most recent innovations coming from across the construction products industry. The interest shown in this simple document was amazing, and one of the most surprising responses was from the Clients of the construction industry. They alone asked for 2000 extra copies, saying that 'these are things we never get to know about; too much noise gets in the way between Product Manufacturers and construction Clients'.

The Barbour Report 2003 confirms that Clients of the construction industry do indeed have an interest in what Manufacturers and Suppliers are producing, and more important still, have an increasing role in product selection. Three-quarters of Clients want to hear directly from Product Manufacturers, preferably in the form of hard copy literature. When it comes to the factors influencing the Clients' product decisions, it is encouraging to see that life cycle costs are now as important as the initial price of the product, and that a third of Clients expect this to grow in importance in the future.

This fascinating Report provides a detailed insight into the way changes in the construction procurement process are influencing who selects the products to be used, as well as the basis for this selection. The drive to more integrated working following the publication of 'Accelerating Change' by the Strategic Forum for Construction, will bring Manufacturers and Suppliers into closer working relationships with the other parts of the construction team, and it is encouraging to see that 20% of Client organisations already have partnering relationships with Product Manufacturers. There is no doubt that this will increase, and as this Report rightly concludes, Manufacturers and Suppliers need to develop strategies which take into account the specific needs of the Client organisations suited to using their products.

construction products association

1. Introduction

Ian Burrows, Director - Manufacturer Services, Barbour Index Ltd

At Barbour Index we have an absolute commitment to understanding the information needs of UK construction professionals. The greater our knowledge of their requirements, the better positioned we are to continue to develop market leading services. These services provide Manufacturers with the most effective platform for accessing and influencing key decision makers in this £60 billion market.

The annual Barbour Report research programme, now in its eleventh year, is tangible evidence of this continuing commitment. Each year we seek to investigate industry issues pertinent to Manufacturers and derive the subject of the study through focus groups with a cross-section of leading building material suppliers. This is research driven by the industry, for the industry. In 2003, our objective remains - to better inform Manufacturers of the needs and behaviours of their Clients, and to provide practical guidance on how to market more effectively to an increasingly diverse audience.

Our focus groups, held in conjunction with the Construction Products Association, highlighted that rather than simply marketing to Specifiers, Manufacturers increasingly need to influence Clients to ensure their products become and remain specified. It was felt that the Client's growing influence has been compounded by the Government's focus on Clients to 'accelerate change' in the Industry. Innovative products are increasingly demanded, but it often proves difficult to get these adopted and Manufacturers are keen to ensure their investment can be recouped over time.

This year's research sought to examine and quantify the growing influence of Clients in product and brand specification. The research, based on a series of in-depth interviews with Clients across the construction spectrum whose projects account for 30% of the entire industry by value, sought to answer the following critical questions:

- Who within the Client makes product decisions?
- Which types of Client favour partnering agreements with Manufacturers?
- How many Clients have approved lists and how do you get on them?
- How often do Clients make the final decision on brand?
- What are the key factors in product selection?
- How likely are Clients to try new and innovative products?
- How should Clients be approached?

Given the broad range of products and Clients, answers to these questions are examined by product group and Client type to provide Manufacturers with greater insight into their particular product specialism.

We hope that you find the research to be a useful insight into Client practices and that it will help you to take practical steps in the increasingly important process of influencing Clients.

Barbour Index

2. Report highlights

How Clients operate

- Design is undertaken in-house by 44% of all Clients, with Housebuilders most frequently taking this route at 59%. This shows that Clients are assuming a high degree of control over the design and specification process for their buildings.
- Where third party professionals such as Architects are used, they are typically drawn from a Client's approved list. Again, emphasising the indirect control that Clients are exercising over their buildings.
- One-third of Clients include product preferences in their initial brief.
- 20% of the leading Client organisations researched have established partnering relationships with product manufacturers.
- Only 13% of Clients use a project collaboration tool to manage their projects. 96% use email to exchange project information.
- Prefabrication is now used by 47% of Clients.
- Refurbishment accounts for 51% of all Clients' construction expenditure.
- 62% of Clients have planned refurbishment programmes, offering repeat purchase opportunities for manufacturers.

Clients' involvement in product selection

- Clients make 37% of all brand decisions.
- Clients' selection of brands in refurbishment projects has grown from 34% to 42% since our last Client study in 1995.
- Furthermore, Clients now specify 31% of all product brands used in their New Build projects – an increase from 27% in 1995.
- 7 out of 10 of all Clients have some involvement in brand recommendation.
- The highest increase in Client involvement is in the areas of Fit-out and Finish and the M&E Services.
- The percentage of Clients with approved product lists has increased from 46% in 1995 to 58%.
- Most brands recommended by Clients originate from their approved lists.
- Either the Architect or the Contractor challenges 40% of Clients' brand specifications, although Clients do not always agree with their suggestions.

Factors influencing Clients' product decisions

- In order of importance, the key criteria affecting product selection are health and safety, lifecycle costs, initial price, sustainability and the relationship with the supplier.
- Around one-third expect sustainability, health and safety and lifecycle costs to become even more important.
- 40% would like to see the sustainability of products improved.
- Clients have a high resistance to using innovative products, with only 23% willing to try out products that are new to the market. However, Housebuilders are more prepared to consider new products than other Client categories.

Influencing Clients

- Manufacturers will be pleased to hear that 74% of Clients would like to be contacted by them, however, they would prefer this to be initially in the form of hard copy literature.
- 46% of Clients use product directories as their first reference point when sourcing products.
- 11% feel that the relationship with manufacturers is product decision-making factor that most needed improvement.

3. Background and research sources

3.1 Background - the value of Client sectors

Clients, or those responsible for commissioning construction projects for new build and refurbishment, come from a wide range of sectors. The research looked at those sectors with the highest value of projects, interviewing major repeat Clients.

To set in context the significant size of the sectors included in the research, figures are given below for the total value of construction output in each sector, based on government statistics. Client sectors do not precisely match those selected for the research, but the closest ones are given. Sectors from which respondents were selected represent at least 40% of the entire construction industry, and more if their spend on repair, maintenance and improvement (RMI) were to be included.

Construction output in current prices	2002 £m
New build orders (includes major refurbishment)	
Private Housing	10,358
Public Housing	1,714
Public non-housing - health	1,051
- education	2,058
- other	2,773
Private commercial - offices	3,973
- retail	2,527
- leisure	1,821
Private industrial	2,238
Transport (gas, communications, air, rail and harbours)	2,062
Total these sectors	**30,575**
Total value of construction industry including RMI	**83,593**

Source: DTI/CFR.
Note: Figures for small refurbishment projects, fit-out and improvements not available. These types of projects are included in the capital spend figures given by respondents. These are not given separately in the DTI's statistics for RMI which also include maintenance.

3.2 Research Sources

The Barbour Reports are compiled using a number of research sources. The main method was a major programme of in-depth telephone interviews. Other sources have also been used to provide further evidence of how Clients make product decisions.

In-depth telephone interview programme with major Client organisations

The focus of this year's Barbour Report is major repeat buyers of construction projects. Only organisations spending a minimum of £2 million on construction in 2002 have been included (new and/or refurbishment projects included). Segmentation criteria were applied to group Clients into meaningful categories, and to identify differences in approach to decision-making. Manufacturers can assess results by Client type, and design their marketing strategies accordingly.

The total amount spent on construction (including new build, refurbishment and improvements) during 2001 and 2002 by the 322 Clients interviewed was about £46.5 billion, or 30% of the value of the entire industry over this period.

Lychgate interviewed 29 of the top 100 Clients during the course of this survey, including the two largest Clients in the last two years, BAA and Birmingham City Council. 7 of the top 20 Housebuilders were also interviewed.

Two approaches were taken to sampling to ensure that major repeat Clients were covered in the survey:

- A list of the top 100 Clients by spend over the last 12 months was purchased from Glenigan.
- Lychgate's databases were also used to ensure representative coverage within the selected categories, ie top Retailers, FTSE top 100 companies, leading NHS Trusts, Housing Associations, Housebuilders, Transport companies and Developers.

The Barbour Report 2003 telephone interview programme

	Number of interviews	%
By organisation type		
Housebuilders	41	13%
Housing Associations	26	8%
Retail (1)	34	11%
Leisure (2)	22	7%
Transport (3)	9	3%
Developers and funding companies	39	12%
Other Major Commercial (4)	19	6%
Central Government (5)	18	6%
Local Government (6)	42	13%
NHS	53	16%
Universities	19	6%
By total spend on construction in last two years		
£2m - £10m	83	26%
Over £10 - £50m	132	41%
Over £50m - £100m	40	12%
Over £100m	55	17%
Total	**322**	**100%**

Note
(1) Retail includes major retail outlets, supermarkets and high street banks.
(2) Leisure includes national sports facilities companies, hotels and restaurant chains.
(3) Transport includes airports, rail authorities, bus and coach companies.
(4) Other major commercial are FTSE Top 100 companies except where included elsewhere.
(5) Central Government includes departments such as the MOD and the Prison Service.
(6) Local Government refers to Local Authorities or councils, responsible for schools and public facilities such as leisure centres, libraries and municipal buildings.
Over a further 100 organisations were screened out for failing to meet the criteria of minimum £2m spend in the last year.

Interviews lasted an average of 30-40 minutes and were conducted by appointment where possible. Those selected for interview were involved in specifying products or responsible for managing others who do so.

Barbour Index Building Product Compendium User Survey

With the publication of the Building Product Compendium each year, Barbour issues a questionnaire to all 22,000 recipients. These professionals cover the full spectrum of involvement in building, including Clients. The opportunity is taken to include questions related to the topic of each year's Barbour Report.

The first 5,000 questionnaires received within a few weeks of distribution of the Compendium are independently analysed by Lychgate, providing the largest sample surveyed across the full range of professions in all major sectors of the industry each year. Relevant results for the 1,255 Clients who completed this year's questionnaire are included in this report.

Building Product Compendium

Client organisations responding to the 2003 self-fill questionnaire	Base 1,225 Client questionnaires
Property and Estates Management	17%
Local Government	16%
Developers	12%
Housebuilders	7%
Education and Training	6%
Housing Associations	6%
Healthcare	4%
Retail and Wholesale	3%
Sports and Leisure	2%
Central Government	2%
Transport	1%
Other types of Client	23%
Total	**100%**

NOP survey: 'The Building Industry, a study of product decision-making, information sources and readership' 2002

This study, independently carried out by NOP, is based on a total survey of 1,702 interviews, of which 310 are Clients, Developers, Housebuilders and Housing Associations. Clients interviewed had spent over £1m on construction in the 12 months prior to the research. The objectives of the survey included the mapping of the decision process for building products, and an assessment of the role of magazines, directories and trade reference material in this process. Results are included where relevant to this study.

Previous Barbour Reports

This is the eleventh annual Barbour Report. The topics for this programme of research reports define specification and product information requirements, and identify trends in the construction industry. Since 1993, Barbour Index has commissioned some 4,500 in-depth interviews and has analysed over 55,000 detailed questionnaire responses from industry professionals in the preparation of these reports. Many of the issues identified in earlier reports remain relevant today.

In 1995 a similar survey was conducted with Clients, although 'infrequent' Clients were also included. Some of the results of this year's survey have been compared with those in 1995.

The Barbour Report series consists of the following titles:

2002 Exploring the Web as an Information Tool

2001 Construction Product Information - Delivery Preferences and Trends

2000 Influencing Product Decisions

1999 The Sourcing and Exchange of Information

1998 The Building Maintenance and Refurbishment Market

1997 Electronic Delivery of Product Information

1996 Communicating with Construction Customers

1995 The Influence of Clients on Product Decisions

1994 Contractors' Influence on Product Decisions

1993 The Changing Face of Specification

4. How Clients operate

In this section, the ways in which Clients manage their construction projects are examined along with their preferred types of contract, use of electronic methods to exchange information, and the extent of 'partnering' with others in the team. This provides the basis from which Clients make product decisions.

The key results are:

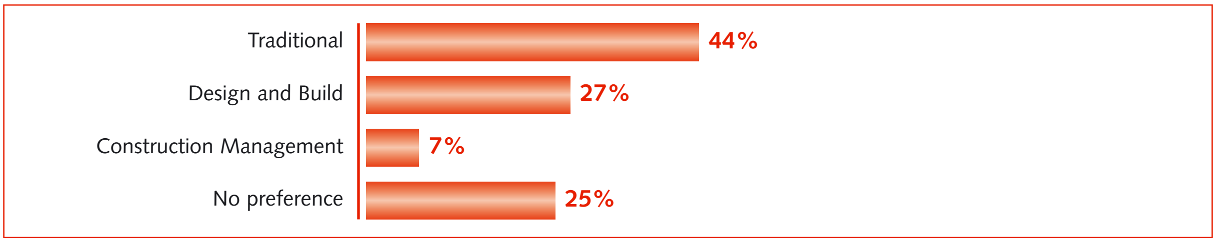
- The traditional forms of contract continue to be the preference of the majority. The exception is Housing Associations, many of which prefer to use Design and Build.
- Refurbishment and fit-out account for 58% of construction budgets.
- 62% of Clients have planned refurbishment programmes.
- Design is undertaken in-house by 44% (59% of Housebuilders). Where external Architects are used, these are typically selected from Clients' approved lists.
- One-third of Clients include product preferences in their initial brief.
- 20% of leading Client organisations have partnering relationships with product manufacturers.
- 96% use email to exchange project information, whereas only 13% use a project collaboration tool.

4.1 Preferred types of contract

There is a marked preference for the traditional forms of construction contract, particularly in the public sector. Some Clients prefer Design and Build, notably Housing Associations, but even with Developers only 44% prefer it. Under Design and Build, the Main Contractor has more influence on the products used. Design and Build accounts for 33% of construction contracts (source DTI and CIOB).

Clients' continued preference for the traditional forms of contract suggests that they wish to retain control of their buildings and the products used.

Preferred contract types as % of Clients



Source: Telephone programme, base 322.
Adds to 103% as some expressed a preference for two forms of contract.

Preferred contract types by Client

	Traditional	Design and Build	Construction Management	No preference
All	**44%**	**27%**	**7%**	**25%**
Housing Associations	19%	38%	0%	27%
Retail	41%	35%	9%	18%
Leisure	41%	23%	0%	23%
Transport	11%	22%	11%	44%
Developers	36%	44%	3%	21%
Other Major Commercial	21%	16%	21%	32%
Central Government	56%	22%	11%	17%
Local Government	55%	19%	7%	24%
NHS	60%	17%	4%	32%
Universities	58%	37%	16%	16%

Source: Telephone programme, base 281. There is a different question for housebuilders, see following table.

Reasons given for preferring the Traditional approach are that it gives the Client better control of the project, while the benefit of Design and Build is that it diverts the risk of any problems, such as time and budget overruns, to the Contractor.

Housebuilders were asked a different question, reflecting the contract types they use. Housebuilders tend to buy-in labour, with products supplied by the Housebuilder or the Sub-contractor.

Preferred contract types - Housebuilders

	% of Housebuilders
Labour only bought in, products supplied by Housebuilder	23%
Design and install Sub-contractors	23%
Tender for whole works	21%
Small works packages with products supplied by Sub-contractors	21%
All construction in-house	12%

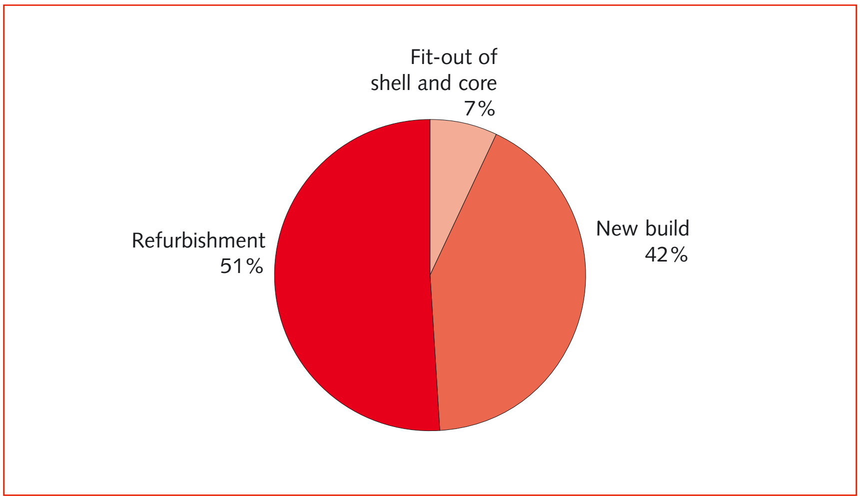
Source: Telephone programme, base 41 Housebuilders.

4.2 Relative importance of new build and refurbishment

Clients spend more on refurbishment and fit-out of shell and core properties (together 58%) than on new build. Refurbishment is an on-going process and smaller projects not requiring planning permission cannot be identified easily. This shows the need to maintain contact with Clients to identify these projects.

Clients such as Local and Central Government and the NHS spend over 60% of their construction budgets on refurbishment.

Allocation of construction budget

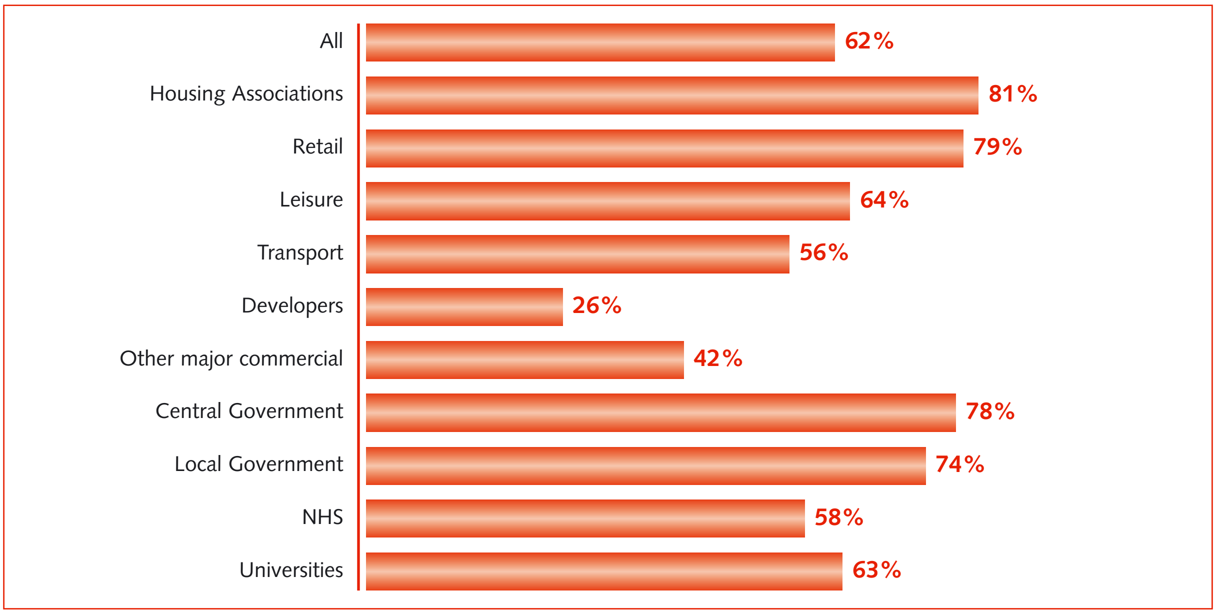


Source: Telephone programme, base 281. Excludes Housebuilders (no refurbishment).

62% of Clients (excluding Housebuilders) have planned refurbishment programmes, although this varies according to the type of Client, with Housing Associations, Retail and Government much more likely to plan refurbishment than Transport and Other Major Commercial Organisations. The average refurbishment cycle is 8 years, although again this varies from Client to Client, with 6-7 years found amongst Retail, Leisure and Transport organisations, the NHS and Universities, and 10 years or more in Government bodies and Housing Associations.

This has implications for product replacement and durability, with requirements varying across sectors.

Planned refurbishment programmes by Client type
% with planned refurbishment programmes



Source: Telephone programme, base 281. Excludes Housebuilders (no refurbishment).

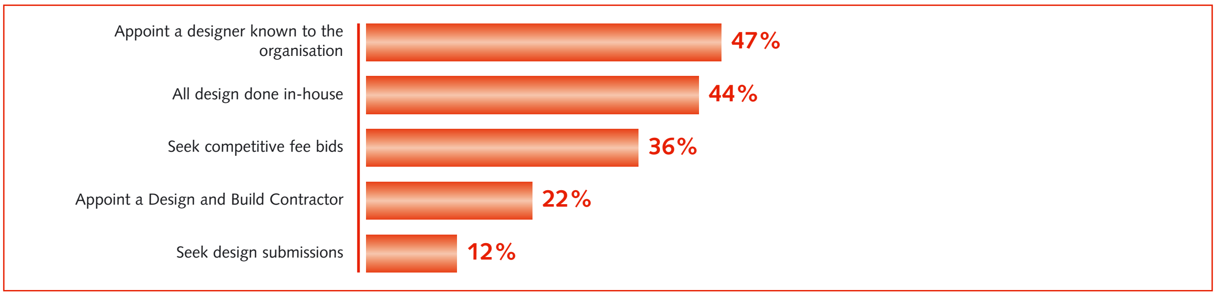
4.3 Appointing the team

The appointment of the team is important as it determines those who will have an influence on product decisions. Those responsible for design have an important role in setting the agenda for the materials and products which will be used.

Of the major Client organisations interviewed, almost half carry out all their design in-house, and therefore have greater influence on the products used. This is particularly the case with leading Housebuilders, 59% of whom design their homes within the company, although it is surprising that this is not higher.

22% appoint a Design and Build Contractor. Where this occurs, the Contractor will be responsible for a large proportion of product decisions. Housing Associations particularly favour this route.

Main approach to appointing the team



Source: Telephone programme, base 322.
Adds to over 100% where more than one approach used.

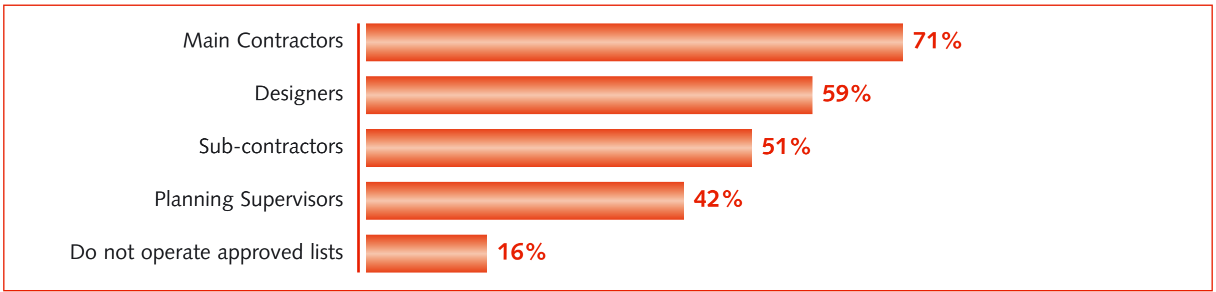
Main approach to appointing the team by Client type

	Appoint designer known to the organisation	Design done in-house	Seek competitive fee bids	Appoint a D&B contractor	Seek design submissions
All	**47%**	**44%**	**36%**	**22%**	**12%**
Housebuilders	56%	59%	12%	5%	5%
Housing Associations	73%	23%	15%	42%	12%
Retail	56%	59%	12%	24%	9%
Leisure	73%	41%	23%	23%	9%
Transport	56%	33%	56%	44%	11%
Developers	67%	23%	31%	18%	5%
Other Major Commercial	53%	21%	37%	16%	11%
Central Government	11%	22%	67%	39%	6%
Local Government	17%	79%	33%	17%	12%
NHS	28%	42%	70%	25%	17%
Universities	53%	37%	63%	26%	42%

Source: Telephone programme, base 322.
Adds to over 100% where more than one approach used.

When appointing the team, the majority have approved or preferred lists of companies, particularly of Main Contractors. Manufacturers also need to develop relationships with the preferred Designers and Contractors of the Clients they wish to target, especially of Housing Associations, Leisure and Developers. However, in Local Government most design is done in-house, while in the NHS, Central Government or Universities, the Client usually seeks competitive bids, which means the team would be much more likely to change project by project.

Use of approved lists to appoint team
as % of Clients with approved or preferred lists



Source: Telephone programme, base 322.

4.4 Project management

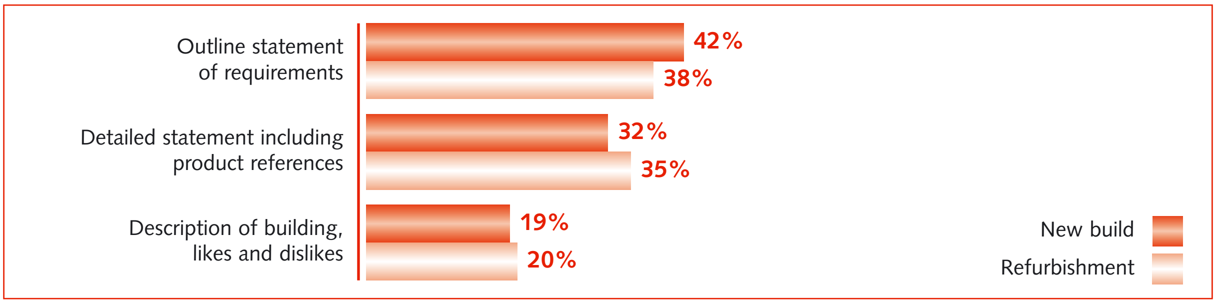
Project management tends to be undertaken internally, with fewer than 20% of these major Clients appointing a third party to manage projects. The exception to this is Housing Associations and Transport organisations, where one-third use external Project Managers. This demonstrates that a high degree of expertise for managing construction projects exists internally, and such Project Managers can be targetted. External Project Managers tend to be from specialist project management companies, although multi-disciplinary practices, Architects and Quantity Surveyors are also used.

4.5 Issuing the brief

At an early stage in the planning process, many Clients are already considering the products to be used in the project. One-third of Client organisations include product references in the initial brief. Housebuilders and those in the Retail and Leisure sectors are particularly likely to detail their product requirements at this stage.

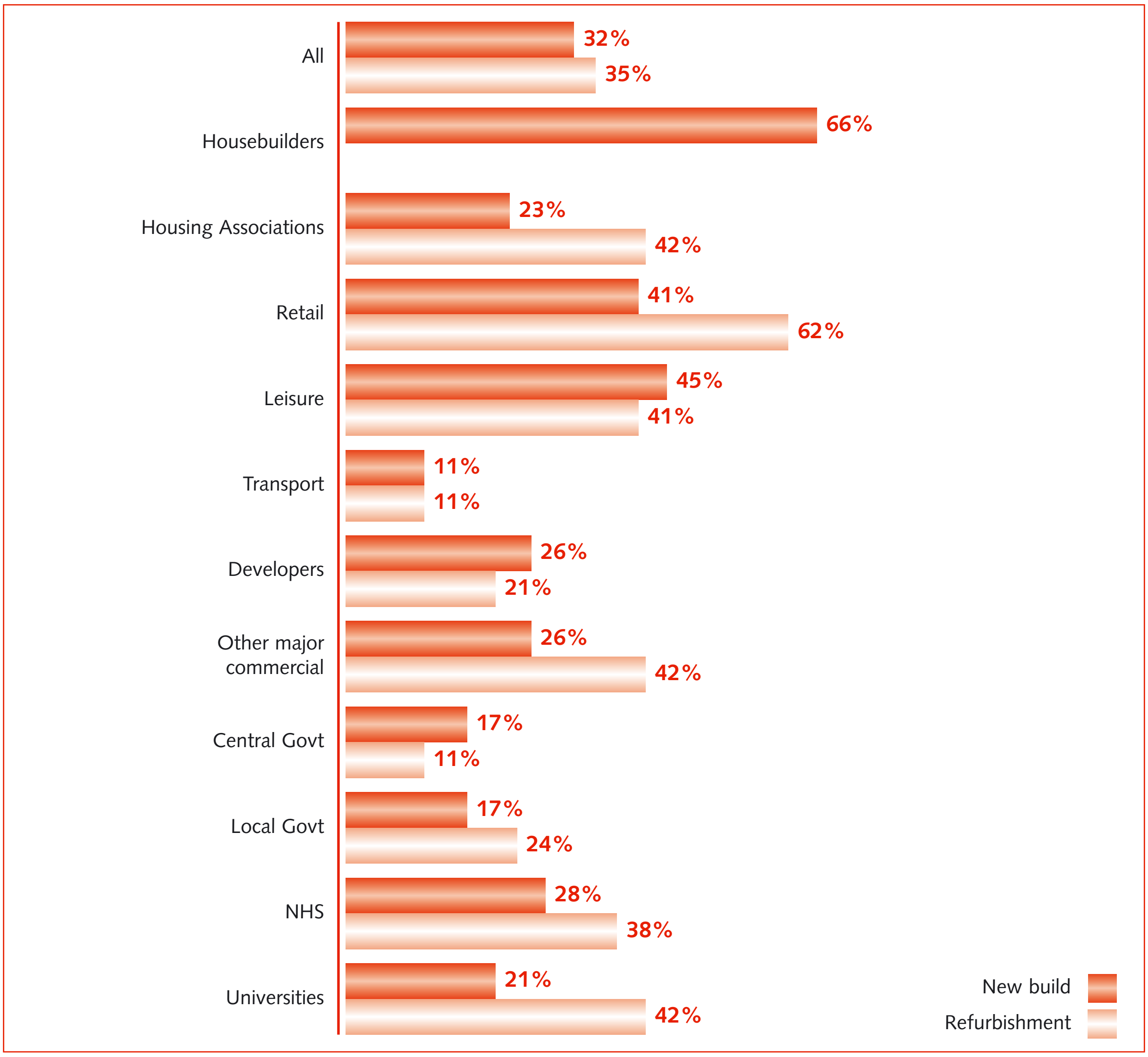
For many organisations, the initial brief for refurbishment projects is more likely to contain product references than that for new build, but overall the number with product references is high and there are big differences across Client sectors.

Description of initial brief



Source: Telephone programme, base 322.

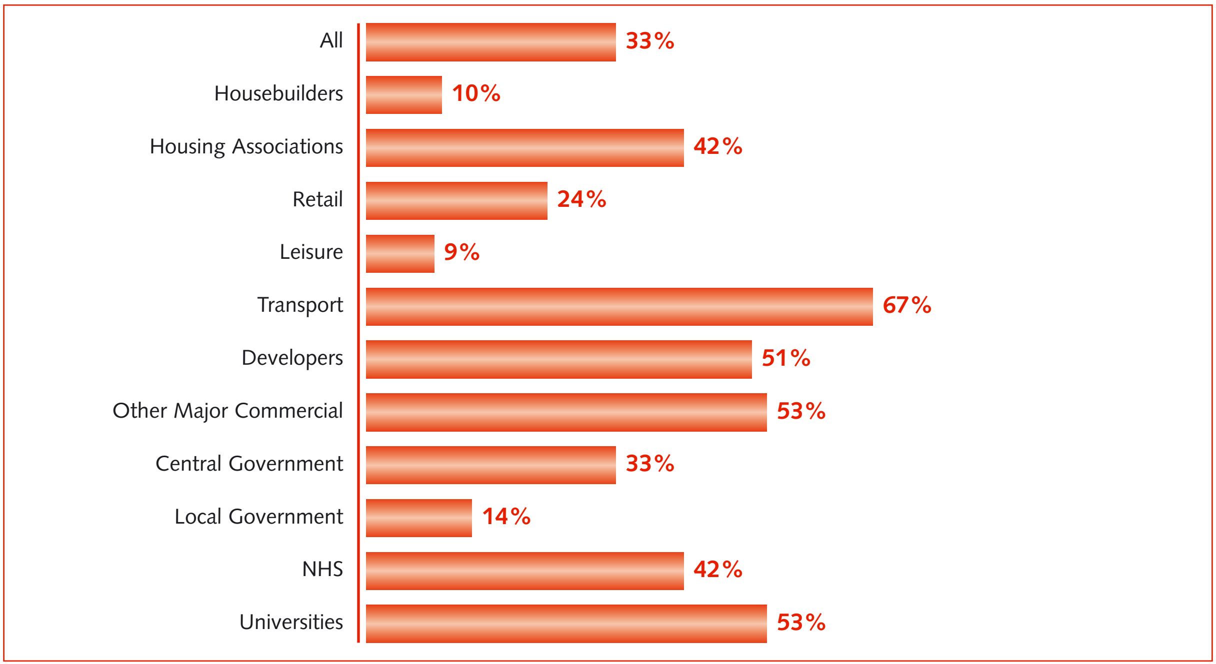
Clients providing product details in the initial brief as % of Clients



Source: Telephone programme, base 322.

In 80% of Client organisations, the brief is written by an internal member of staff. One-third may involve an external party, particularly Transport companies, Developers and other Commercial Organisations. (This adds to over 100% as some use both internal and external expertise).

Use of external party to prepare brief by Client type

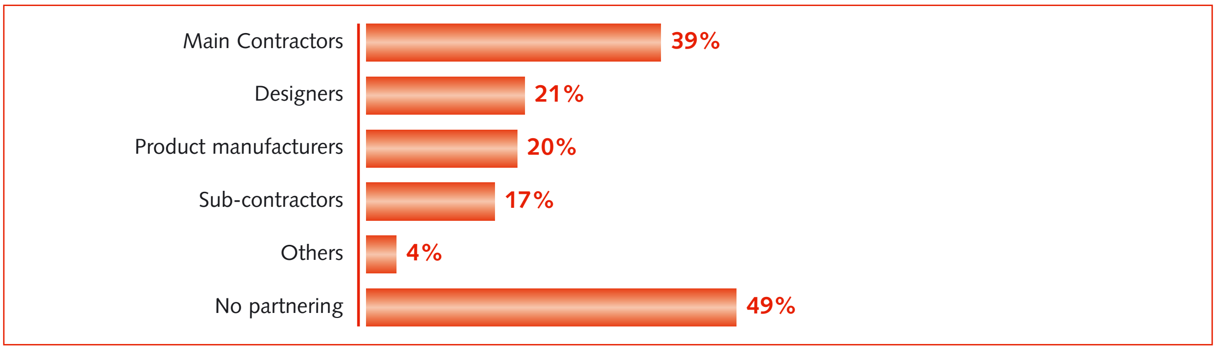


Source: Telephone programme, base 322.

4.6 Partnering

Although many have approved lists of Main Contractors and Designers, some Clients have developed relationships with team members which extend over multiple projects. Improved understanding of Clients' needs, and the development of standardised processes and even products, bring benefits such as savings in cost and time, and ultimately in improved buildings. Half of the Clients interviewed have developed such 'partnering' relationships with at least one team member. There is a willingness amongst Clients to develop relationships with product manufacturers, with 20% having already done so.

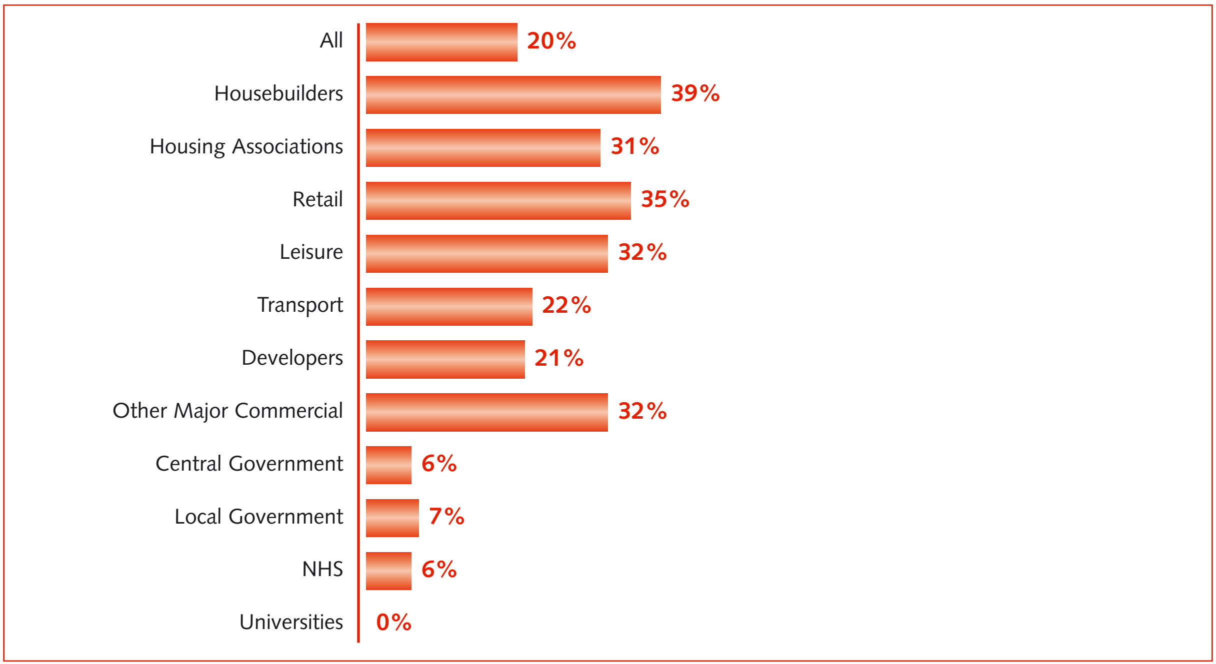
Partnering relationships as % of Clients



Source: Telephone programme, base 322.

The extent of partnering with product manufacturers varies according to the Client sector. These relationships barely exist in the Public Sector, which are governed by requirements for competitive tendering, whilst amongst Housebuilders, Retail, Leisure and Housing Associations, between 31% and 39% have established partnering deals with product manufacturers.

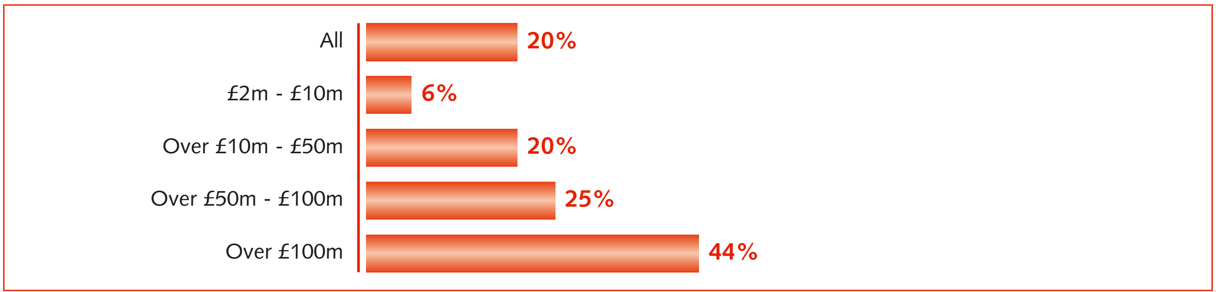
Partnering relationships with product manufacturers by Client type



Source: Telephone programme, base 322.
Note: Partnering occurs within the NHS but at a central level.

The results show that the larger the Client's construction budget, the more likely they are to develop partnering relationships with product manufacturers.

Partnering relationships with product manufacturers by size and construction budget



Source: Telephone programme, base 322.

Examples of such partnering arrangements were given. Some involve a term contract in order to gain a better price. Examples include:

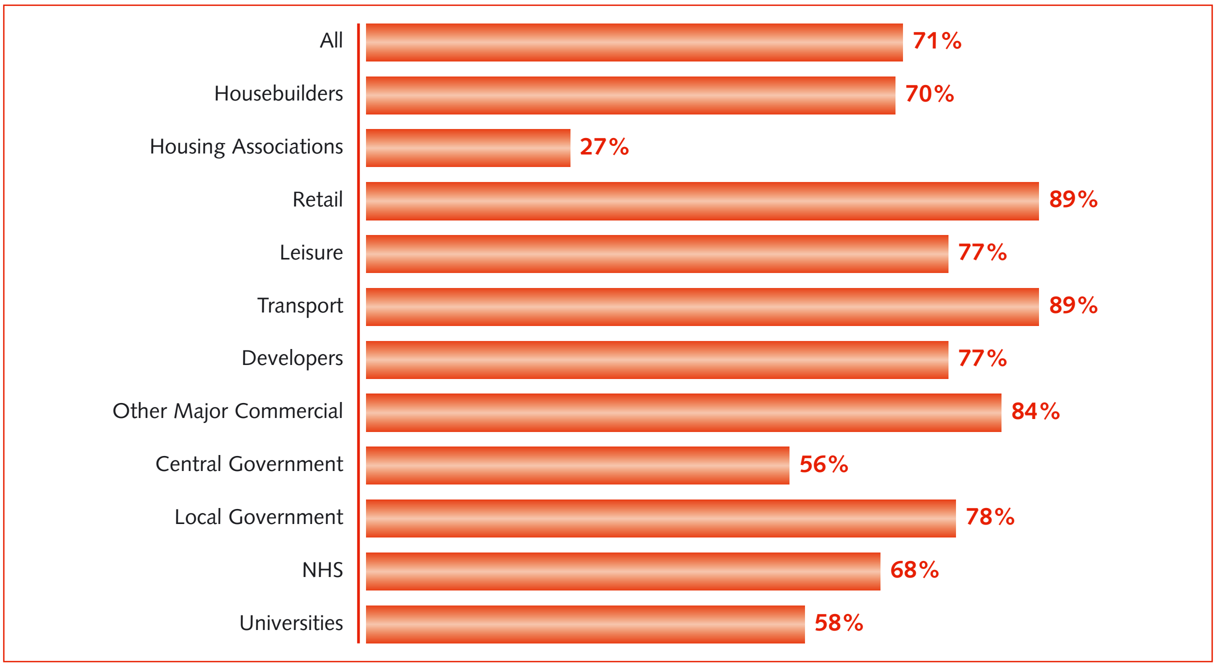
- We have a single source for all our vinyl, and a degree of product development takes place with our supplier. (Retailer)
- We have partnering arrangements with suppliers of kitchens, boilers and windows. Arrangements are not that formal but are set up to improve cost, quality and delivery time. (Housing Association)
- We needed to recreate a lost process to produce Victorian tiles. We worked with the manufacturer to develop a technique to produce the tiles. (Central Government)
- Partnering with a supplier of M&E equipment for refurbishment. We have a consultant in place who leads the projects and as each scheme is identified the manufacturer is called in to assist in the design, which gives us the best result. (Local Government)
- We have a group deal for paint. We buy all our paint through one manufacturer and get a preferential discount. (Housebuilder)
- We work closely with cladding manufacturers; they know what thermal needs we have. (Developer)
- We have arrangements for all kinds of products. We tell suppliers what we are looking for, the cosmetic finish, the price, what the product needs to do and they come up with the product. (Transport)
- We will be partnering from the end of this year. (NHS)

4.7 Project IT infrastructure

The IT infrastructure used on projects sets the standard for the exchange and delivery of all information, including product details.

In about half of Clients' projects, most or all of the information is exchanged electronically. 2% of Clients do not use electronic exchange. Housing Associations exchange the least information electronically.

Exchange half or more of project information electronically
as % of Clients



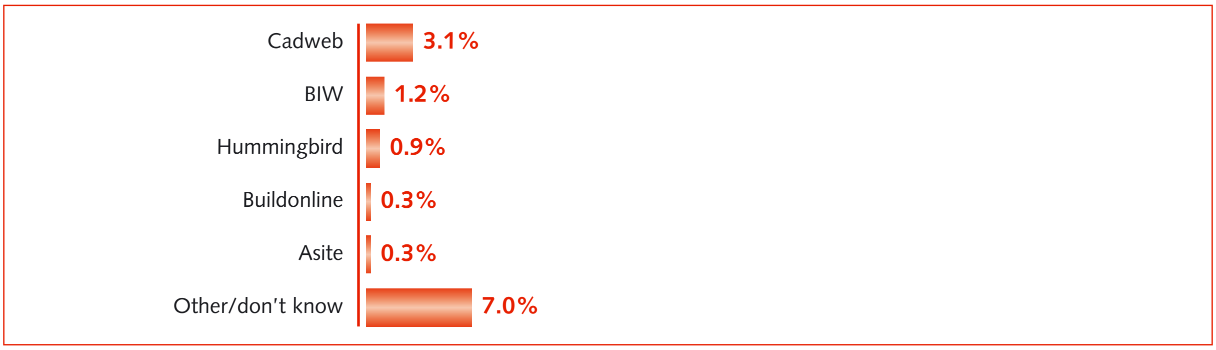
Source: Telephone programme, base 322.

Almost all Clients use email as their main tool to exchange project information. Only 13% use a project collaboration tool, or system designed specifically for the electronic exchange and storage of project information. Those with construction spends of over £50m in the last 2 years are more likely to exchange a higher proportion of project information electronically, and one-third of those spending over £100m use a project collaboration tool. Such tools are mainly used in the commercial sector.

Tools used to exchange project information
as % of Clients

Source: Telephone programme, base 322.
Note: adds to over 100% as both methods may be used.

Project collaboration tools used
as % of Clients



Source: Telephone programme, base 322.
Other includes in-house systems and a range of other systems, mentioned once each.

This picture is unlikely to change in the short to medium term, as almost all Clients (97%) are satisfied with the way in which their teams exchange information electronically.

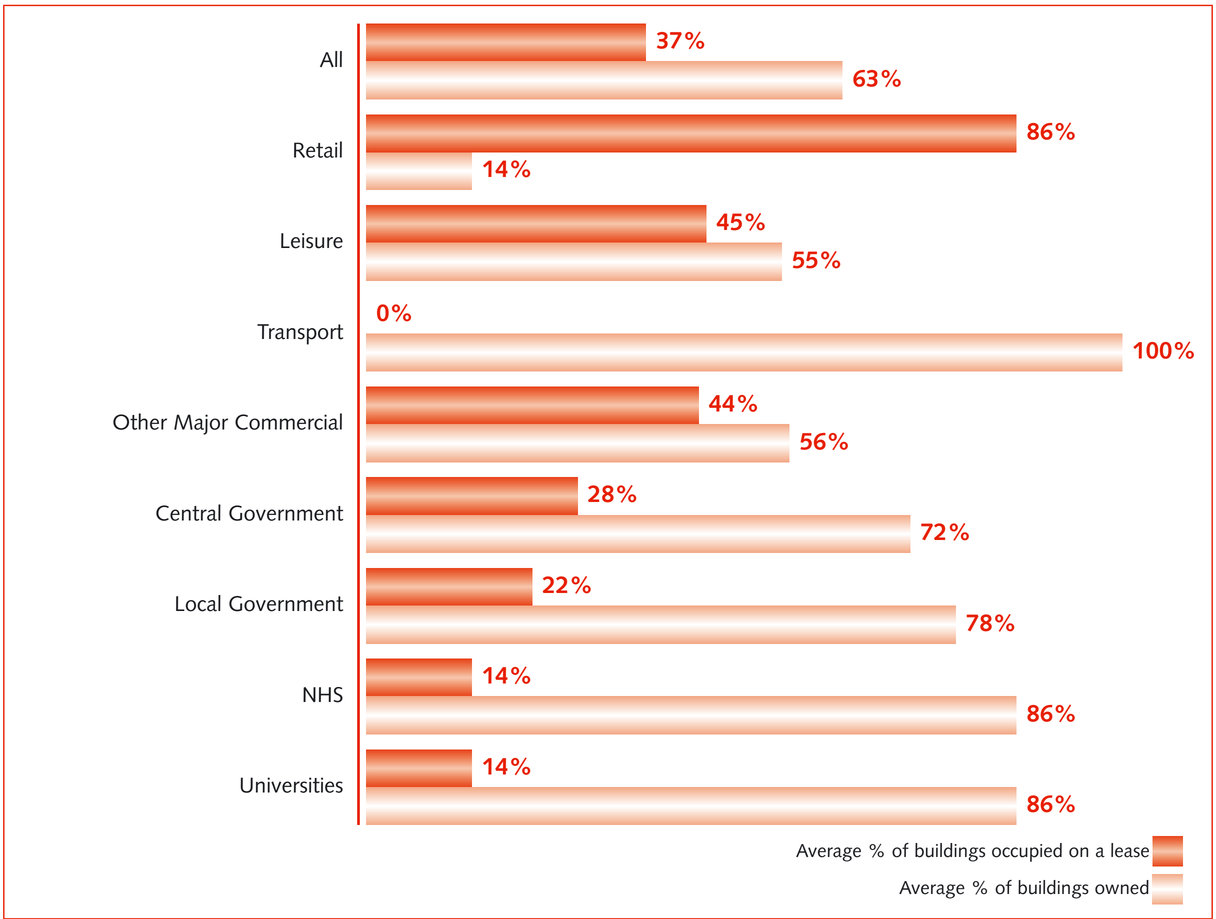
4.8 Trends in building ownership

The responsibility a Client has for product selection and maintenance is influenced by the type of occupancy that a company has of a building (ownership or lease). If a building is occupied on a lease, the occupying company is unlikely to have had any influence on the structure, the external envelope and the mechanical and electrical systems of the building.

On average, 63% of Clients own the buildings they occupy, and this is not expected to change significantly. 22% anticipate an increase in leasing, particularly those in the Retail sector who already tend to lease buildings. 18% anticipate an increase in building ownership, including Universities and Other Major Commercial Organisations.

If these anticipated increases happen, then Universities and Other Major Commercial Organisations will increasingly be in a position to influence the products used in the structure and envelope, while Retail will be less concerned with those products.

Building ownership by Client type



Source: Telephone programme, base 216 (excludes Housebuilders, Housing Associations and Developers).

5. Clients' involvement in product selection

Detail is given in this section about the product selection processes used by Clients, the extent to which they make brand decisions, external parties recommending or selecting brands, use of approved product lists and the job titles of individuals responsible internally for brand selection.

- 69% of Clients are involved in brand recommendations.
- Clients make 31% of brand decisions for the products used in their new buildings. This represents an increase of 15% on 1995 figures, while Clients selecting brands for refurbishment has grown from 34% to 42%. This shows the increased interest Clients have in the quality of products used in their buildings.
- Areas in which Clients are now more involved are Fit-out and Finish and the M&E Services.
- The percentage of Clients with approved product lists has increased from 46% in 1995 to 58%.
- Most brands recommended by Clients originate from their approved lists, but only 38% of those with lists have a formal review process.
- Where a brand is stated in a specification, the words 'or equal and approved' are usually also included.
- 40% of Clients' brand specifications are challenged by either the Architect or the Contractor, although Clients do not always agree with their suggestions.
- The external party most involved in selecting products on behalf of Clients is the Architect, followed by the Main Contractor.

5.1 Products specified by Clients

In the 1995 Barbour Report, 'The Influence of Clients on Product Decisions', it was identified that 27% of major Clients made brand decisions or recommendations in new build projects (comparing similar groups of Clients in both surveys).

How has the involvement of Clients in product decisions changed since these studies? To examine this, a series of questions was put to the Clients interviewed for the 2003 Barbour Report. They were asked which of four options best describes their involvement in product decisions.

More brand decisions are now being made by Clients. Taking an average across all elements of the building, and giving each equal weight, the conclusion can be drawn that Clients select 31% of products by brand, an increase of 15% compared to 1995 figures.

There are small shifts across sectors, with more Housebuilders influential in brand choice now than in 1995 and Housing Associations playing less of a role in brand decisions.

Clients' involvement in product decisions for new build as % of Clients

	1995	2003
Another organisation makes all the product decisions	20%	22%
You are given a choice of products by another organisation and make a selection	22%	18%
Your organisation recommends or states the material type	31%	30%
Your organisation states the actual brand to be used	27%	31%

Source: 2003 - Telephone programme, base 312 involved in brand decisions.
1995 - Telephone programme, base 470 'Frequent Clients', Housebuilders and Housing Associations.
Based on average across all areas of the building.

Taking the average across all products and Clients, Clients state the material type but not the brand in 30% of product decisions. It follows therefore that manufacturers not only need to ensure that the benefits of their product types are promoted to Clients, but also give them reasons to nominate their brand.

The product areas in which Clients are now more likely to specify brands than in 1995 are Services and Fit-out and Finish. A part of this increase is due to the greater involvement which Housebuilders have in brand choice.

More Clients are also involved in brand decisions for refurbishment projects than in 1995, with an increase from 34% making brand decisions or recommendations to 42% in 2003.

Clients making brand decisions or recommendations by area of building 1995 and 2003 as % of Clients

	1995	2003
New build		
Sub-structure	16%	21%
Structure	21%	20%
Envelope	29%	27%
Fit-out and Finish	37%	42%
Services	30%	38%
External works	27%	28%
Average across all building areas	27%	31%
Refurbishment	34%	42%

Sources: The 1995 Barbour Report. Figures for Frequent Clients, Housebuilders and Housing Associations combined, base 470.
2003 - Telephone programme, base 322.
Housebuilders not asked about refurbishment.

The proportion of each Client group involved in product decisions varies. Whilst the table above gives the average involvement across each of the six product areas of the building, the next table summarises the percentage of Clients, by sector, that make brand decisions. 69% of Clients make brand decisions on 31% of products, with their external Architects and Contractors responsible for the rest. This indicates that one-third of Clients do not make brand decisions, although they may be involved in approving the decisions of others or recommending the material type.

Amount of Clients making brand decisions for some/any building areas

	% of Clients making any brand decisions at all	Average % of products where Client has made a brand decision
All	**69%**	**31%**
By type of Client:		
Housebuilders	93%	66%
Local Government	69%	38%
Retail	79%	31%
Leisure	50%	27%
Developers	59%	22%
Universities	79%	22%
NHS	68%	21%
Transport	67%	17%
Other Major Commercial	69%	17%
Housing Associations	69%	15%
Central Government	33%	9%

Source: Telephone programme, base 322. Not weighted by spend of Client.

The tables which follow show the answers by area of the building and for each type of Client. Whether product decisions are made internally or by another party does not appear to be a function of Clients' budget, but rather of the sector in which the Client operates.

While Housebuilders are very involved in selecting brands in all product areas, it is only in Fit-out and Finish and the Services that more than one-third of most other types of Clients are involved. In the Fit-out and Finish nearly 70% of Retailers specify the brands they wish to be used, important information for manufacturers selling products used in interiors. Local Government bodies (councils) are also more likely than other organisations to specify either the brand or the material in all areas of the building. However, those responsible for construction projects in Central Government are less likely to state brands, tending to leave others to make recommendations and possibly even the final decision.

Involvement in product decisions - main approaches used in new build

Sub-structure Groundworks, drainage and foundations	(1) another organisation	(2) given choice	(3) product type	(4) brand
All 1995	**35%**	**18%**	**30%**	**16%**
All 2003	**34%**	**16%**	**27%**	**21%**
By type of Client:				
Housebuilders	2%	7%	32%	61%
Housing Associations	19%	23%	58%	12%
Retail	35%	12%	15%	18%
Leisure	18%	23%	23%	18%
Transport	56%	11%	22%	11%
Developers	51%	13%	18%	15%
Other Major Commercial	53%	37%	11%	0%
Central Government	44%	22%	22%	6%
Local Government	14%	7%	48%	33%
NHS	45%	25%	19%	11%
Universities	74%	0%	16%	5%

Structure Framing type, eg concrete, timber and steel	(1) another organisation	(2) given choice	(3) product type	(4) brand
All 1995	**23%**	**22%**	**33%**	**21%**
All 2003	**26%**	**21%**	**30%**	**20%**
By type of Client:				
Housebuilders	2%	2%	34%	66%
Housing Associations	15%	27%	54%	0%
Retail	32%	12%	21%	15%
Leisure	23%	18%	23%	18%
Transport	22%	33%	33%	11%
Developers	33%	23%	28%	13%
Other Major Commercial	47%	42%	11%	0%
Central Government	39%	28%	22%	6%
Local Government	14%	5%	50%	33%
NHS	26%	40%	23%	11%
Universities	58%	16%	11%	11%

Envelope Cladding, roofing, windows and doors	(1) another organisation	(2) given choice	(3) product type	(4) brand
All 1995	**14%**	**26%**	**31%**	**29%**
All 2003	**19%**	**23%**	**31%**	**27%**
By type of Client:				
Housebuilders	0%	2%	29%	73%
Housing Associations	12%	19%	54%	15%
Retail	24%	12%	29%	29%
Leisure	9%	23%	36%	18%
Transport	11%	44%	33%	11%
Developers	23%	33%	15%	26%
Other Major Commercial	47%	37%	11%	5%
Central Government	28%	33%	33%	6%
Local Government	10%	7%	48%	38%
NHS	23%	36%	26%	15%
Universities	37%	32%	21%	11%

Fit-out and Finish **All internal elements, partitions, wall finishes, ceilings and floor coverings**	**(1) another organisation**	**(2) given choice**	**(3) product type**	**(4) brand**
All	**12%**	**16%**	**31%**	**42%**
By type of Client:				
Housebuilders	0%	2%	21%	84%
Housing Associations	8%	19%	58%	19%
Retail	3%	6%	29%	68%
Leisure	5%	23%	41%	32%
Transport	0%	56%	22%	22%
Developers	23%	23%	15%	31%
Other Major Commercial	37%	16%	5%	37%
Central Government	28%	39%	28%	11%
Local Government	10%	2%	45%	45%
NHS	13%	23%	38%	28%
Universities	21%	16%	21%	42%

Services **M&E equipment, heating, lighting, air conditioning, lifts, other wired services**	**(1) another organisation**	**(2) given choice**	**(3) product type**	**(4) brand**
All 1995	**19%**	**23%**	**28%**	**30%**
All 2003	**17%**	**21%**	**26%**	**38%**
By type of Client:				
Housebuilders	7%	15%	20%	61%
Housing Associations	15%	19%	42%	31%
Retail	9%	12%	35%	50%
Leisure	5%	18%	32%	41%
Transport	22%	44%	11%	22%
Developers	31%	33%	8%	26%
Other Major Commercial	32%	16%	16%	37%
Central Government	33%	33%	22%	11%
Local Government	7%	12%	40%	43%
NHS	21%	26%	23%	34%
Universities	16%	16%	32%	37%

External works	**(1) another organisation**	**(2) given choice**	**(3) product type**	**(4) brand**
All 1995	**19%**	**23%**	**31%**	**27%**
All 2003	**20%**	**22%**	**29%**	**28%**
By type of Client:				
Housebuilders	10%	10%	32%	51%
Housing Associations	23%	19%	50%	12%
Retail	21%	12%	38%	21%
Leisure	18%	14%	23%	32%
Transport	0%	56%	22%	22%
Developers	28%	36%	13%	21%
Other Major Commercial	37%	32%	5%	21%
Central Government	22%	39%	28%	11%
Local Government	12%	7%	48%	38%
NHS	17%	34%	23%	26%
Universities	37%	11%	26%	26%

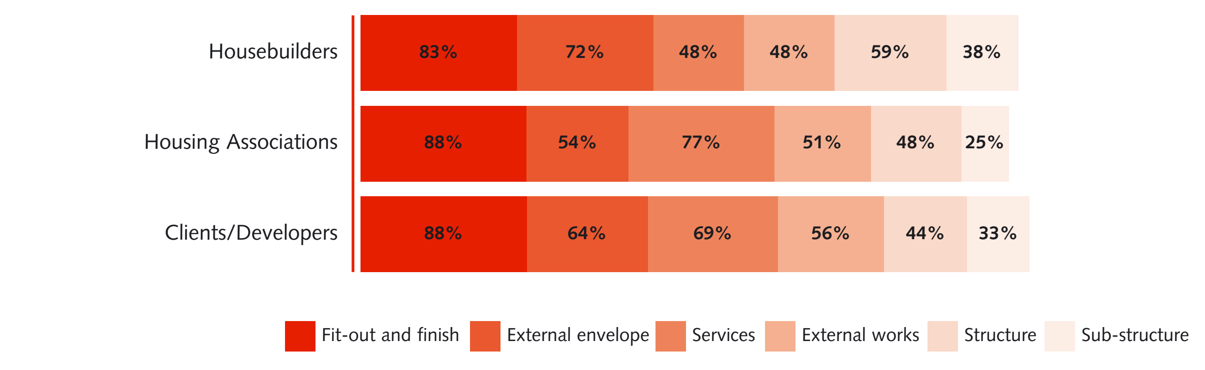
Source: Telephone programme, base 322. Adds to over 100% where two approaches used.
Note:
(1) another organisation makes all the product decisions.
(2) you are given a choice of products by another organisation and make a decision.
(3) your organisation recommends or states the product type.
(4) your organisation recommends or states the actual brand to be used.
* respondent not involved, for example where buildings are leased, or responsibility of another in organisation.

To further examine Clients' involvement in product decisions, a question was included in the questionnaire which is completed by users of Barbour's Building Product Compendium.

This shows that across over 5,000 specifiers in the industry, the view is that 27% of Clients always or often specify brands, with a further 63% doing so occasionally. Only 10% never specify brands.

The NOP survey also shows that Clients' greatest involvement in product decisions is in the Fit-out and Finish.

Types of product for which brands are likely to be specified by Clients

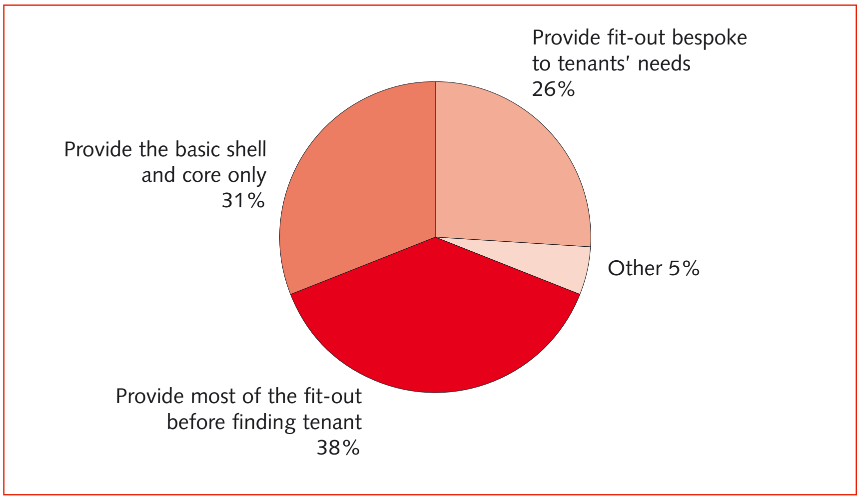


Source: NOP, 'The Building Industry, a study of product decision-making, information sources and readership' 2002, base 310.
Base: Those involved in specifying brands.

5.2 The role of Developers in interior fit-out

Developers may build speculatively or on behalf of a specific Client. What is their role in the interior fit-out of buildings? There is not a consistent approach across the 39 Developers and funding companies interviewed. 31% provide the basic shell and core and leave most of the interior fit-out to the tenants, particularly the larger Developers. However nearly 70% of Developers provide any fit-out and almost 40% provide most of the fit-out prior to finding a tenant, possibly in smaller buildings, or to help attract tenants. Developers do therefore influence products used to fit out their buildings and this is not always left to their Clients.

Developers' involvement in interior fit-out



Source: Telephone programme, base 39 Developers.

5.3 How products are specified by Clients

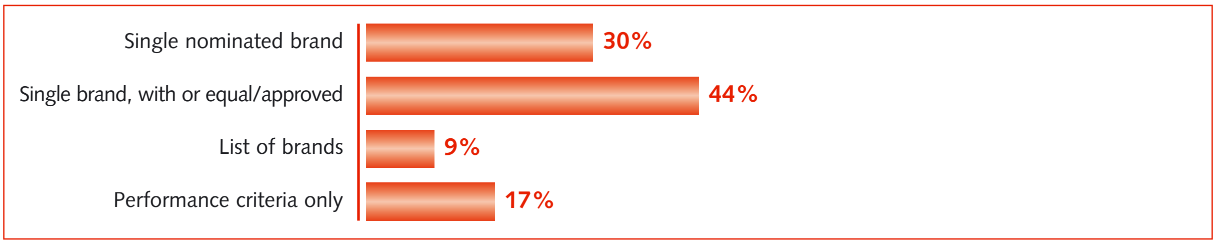
Previous sections show how frequently Clients specify brands. When they do so, how specific are they about the brands they wish to be used?

The figures in the table below are based on the 1,225 Clients responding to the Building Product Compendium user questionnaire. They suggest that a higher proportion specify by brand than found in the telephone programme, but this may be due to the fact that users of Barbour's Building Product Compendium are more likely to be brand specifiers.

The figures show that 74% of specifications made by Clients nominate a single brand, and on the majority of occasions when Clients state a brand they do so by adding the words 'or equal and approved', leaving the possibility that another party (designer, main contractor or sub-contractor) may suggest an alternative. However by adding 'or equal and approved' they are stating that they wish to be made aware of any suggestions. Manufacturers will be pleased to learn that just under one-third of Clients do not wish an alternative to be put forward, and their specifications do not state 'or equal and approved'.

Those giving a list of brands are setting a standard, but leaving the ultimate choice from the list to another party.

Type of specification made by Clients
% of all specifications made



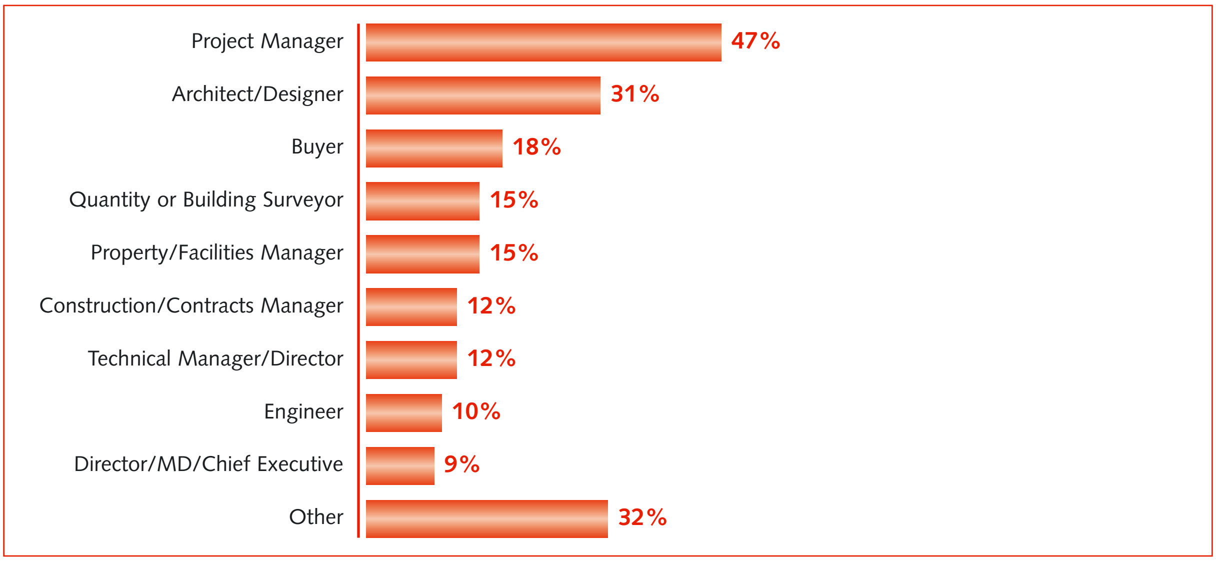
Source: 1,225 Clients answering 2003 Barbour Building Product Compendium user questionnaire.

5.4 Job titles of those responsible for brand selection in Client organisations

Within Client organisations those most involved in product and brand selection and recommendation are Project Managers and Architects/Designers. This applies across most types of Client, although for Housebuilders it is the Buyer who is responsible for brand decisions in about half of the top companies.

It is people with these same job titles who are also responsible for final sign-off of the product specification, although a Board member is likely to give the final decision in one quarter of Housebuilding companies, and just under one-quarter of Retail organisations.

Job titles involved in brand selection and recommendation
as % of Clients



Source: Telephone programme, base 322.
Note: 'Other' includes Marketing/Sales Manager (11% of Housebuilders), Development Manager/Director (22% of Housing Associations), Planning Supervisors (2% across several organisation types).

Job titles involved in brand selection and recommendation by Client type

	Main titles
Housebuilders	Buyer, Architect
Housing Associations	Project Manager, Construction Manager, Property Manager, Development Manager
Retail	Project Manager, Architect
Leisure	Architect, Project Manager
Transport	Project Manager, Engineer, Surveyor
Developers	Project Manager
Other Major Commercial	Project Manager, Technical Manager/Director, Architect, Buyer
Central Government	Engineer, Surveyor, Project Manager
Local Government	Architect, Project Manager, Surveyor
NHS	Project Manager, Architect, Estate Manager
Universities	Project Manager, Property Manager, Surveyor

Source: Telephone programme, base 322.

In 70% of major Housebuilders product decisions are made at Head Office. 30% have autonomy to select their own products, although some must seek approval from head office. The results suggest that manufacturers targeting the major Housebuilding companies should concentrate on approaching either the Buyer or the Architect at Head Office.

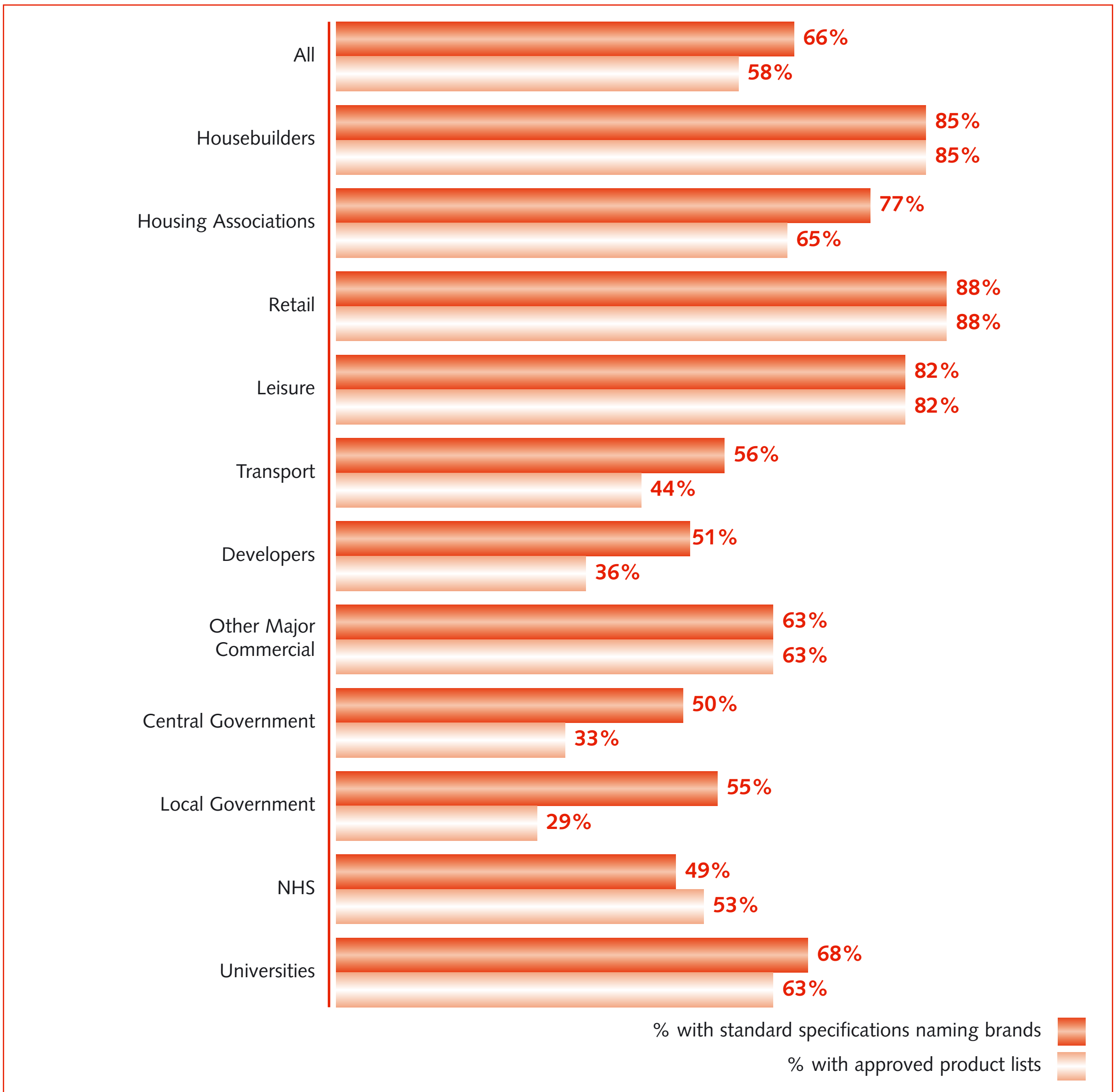
5.5 Standard specifications and approved product lists

There are obvious benefits for product manufacturers to be named in Clients' standard specifications and used on repeat projects.

The 1995 Barbour Report showed that about one half of 'frequent Clients' used internally compiled standard specifications. This has increased to two-thirds in this year's survey. Also in 1995, 46% of Clients had approved lists of products. This has grown to 58%.

Clients with the greatest incidence of standard approaches to the use of products are in the Housebuilder, Retail and Leisure sectors.

Clients with standard product specifications naming brands, and approved product lists

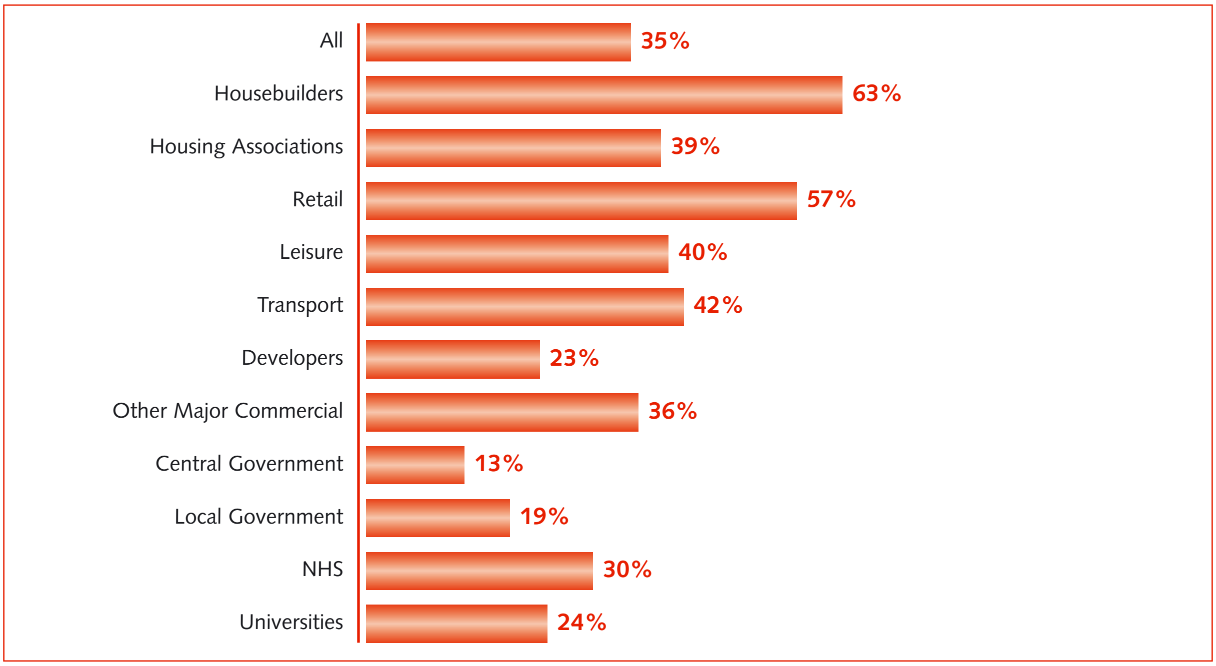


Source: Telephone programme, base 322.

Clients were asked what percentage of all the products used in their buildings originated from their approved lists. On average, across all types of Client, one-third of products used in their buildings had come from an approved product list. In Housebuilders the figure is much higher, with nearly two-thirds of all products installed in new homes being sourced from approved product lists.

The figures in section 5.1 show that, on average, it is the Client who made the brand decision in 31% of products installed in buildings. Comparing this with the result that one-third of products originate from an approved product list, the conclusion can be drawn that Clients' brand suggestions usually come from their approved lists.

Proportion of products installed which are on approved product lists



Source: Telephone programme, base 322.
Note: as an average of all, including those who do not have approved lists of products.

Clients were asked whether they have a formal procedure for reviewing products which are on their approved lists. In spite of a high number of organisations operating such lists, only 38% have a formal review procedure. The review is more likely to occur in Housebuilding companies, where 63% review their approved lists.

Many however commented that they have an informal process, with problems or failures determining whether a company is removed from the list.

The approved lists cover a wide range of products, but internal fittings are most common. Structural materials, flooring and doors and windows may also be covered.

Main types of products on approved lists

Housebuilders	Envelope, kitchens, sanitary ware, doors and windows, heating and plumbing, fittings
Housing Associations	Kitchens, heating and plumbing, doors and windows, bathrooms, electrical, fittings
Retail	Flooring, fittings, lighting
Leisure	Fittings, envelope, flooring
Transport	Envelope and structural materials
Developers	Envelope, doors and windows
Other Major Commercial	Internal fittings, flooring, lighting
Central Government	Security systems, doors and windows
Local Government	Envelope, doors and windows, internal fittings
NHS	Internal fittings and equipment, flooring, envelope, sanitary ware, doors and windows
Universities	Lighting, fittings

Source: Telephone programme, base 322.
Note: envelope includes roof tiles, bricks, blocks, other types of cladding.

5.6 How manufacturers can get on to approved lists

How can manufacturers get on to approved lists? A high number of Clients are happy for manufacturers to contact them with information on their products. Nearly 8 in 10 prefer to learn about products by receiving hard copy information in the post (see section 7.2). However, the benefits should be made clear, eg cost savings or improvements in product performance. The approach should be tailored to the organisation, preferably with case studies of how the product has performed in similar organisations or environments. An alternative is to go via the designers used by Clients, and some Clients prefer this approach.

The following is a summary of answers to the question: 'How can manufacturers be considered for your approved lists?', shown in order of frequency of mention.

- Contact us with their product information.
- By recommendation from others, eg designers.
- By demonstrating improved product or benefit (innovation, environmentally friendly, better performance, improved or lower cost maintenance).
- We prefer to go looking for products.
- If product is lower cost.
- We prefer to have previous experience of product.

Examples of comments made are given below.

Developer

- By advising us of products, new innovations, suitability and cost.

Housing Association

- By approaching us with new products, in hard copy or personal approach.

Housebuilders

- We are continually reviewing our product base. There is a specific approval form, if we feel they have something to offer.
- Contact us with their ideas for saving money.
- If we are looking for new or alternative products we will use the internet or Barbour Compendium.

Retail

- We tend to pick a product for a particular design or purpose. We don't necessarily get into a position of people coming to us.
- We'll find them through our design team; they are specifically tasked to find this out.
- Submit details of what the product is and why we should be interested in it.
- They have to go through the ecology department.

Leisure

- We review on a regular basis. We invite people for demonstrations. We direct them through the Architect to investigate; we use the Architect as a filter.
- Contractors are the main people who recommend a manufacturer to us. Normally manufacturers are added to our list based on their recommendations. If we are looking for a particular product we investigate the market ourselves.

Other Major Commercial

- We have no set procedures. If we like the look of a product and the price is right, it's on our list.

Central Government

- Write to the Government Office of Commerce asking to be added to the Government approved list.

Local Government

- We go on past performance, the only way someone would be considered is if my regular suppliers let me down.

NHS

- Pick up information from designers, trade press, NHS documents.
- We have standard specified products. Recently a rep came in and showed us something new and it interested us.
- Go through NHS Supplies Agency who list them.

University

- There are purchasing consultants within the university. There is a central purchasing organisation across a group of universities.

What attracts Clients' attention to consider products? The most common answer given was cost, mentioned by 20%, but this is by no means the only reason. Some admitted that seeing a product advertised can attract their attention.

The following is a summary of the main answers given to the question 'What attracts your attention to consider manufacturers for your approved lists?' Answers are given in order of frequency of mention.

- Cost.
- Quality.
- Suitability and performance.
- Previous experience of product or company.
- New or innovative products.
- To solve a problem, or a need for a specific or improved product.
- Recommendation.
- Technical specification.
- Back-up service.
- Advertising.
- Durability or reliability.
- Research.
- Aesthetics.

Similar criteria are also used to assess a product's suitability.

5.7 Examples of brands specified by Clients

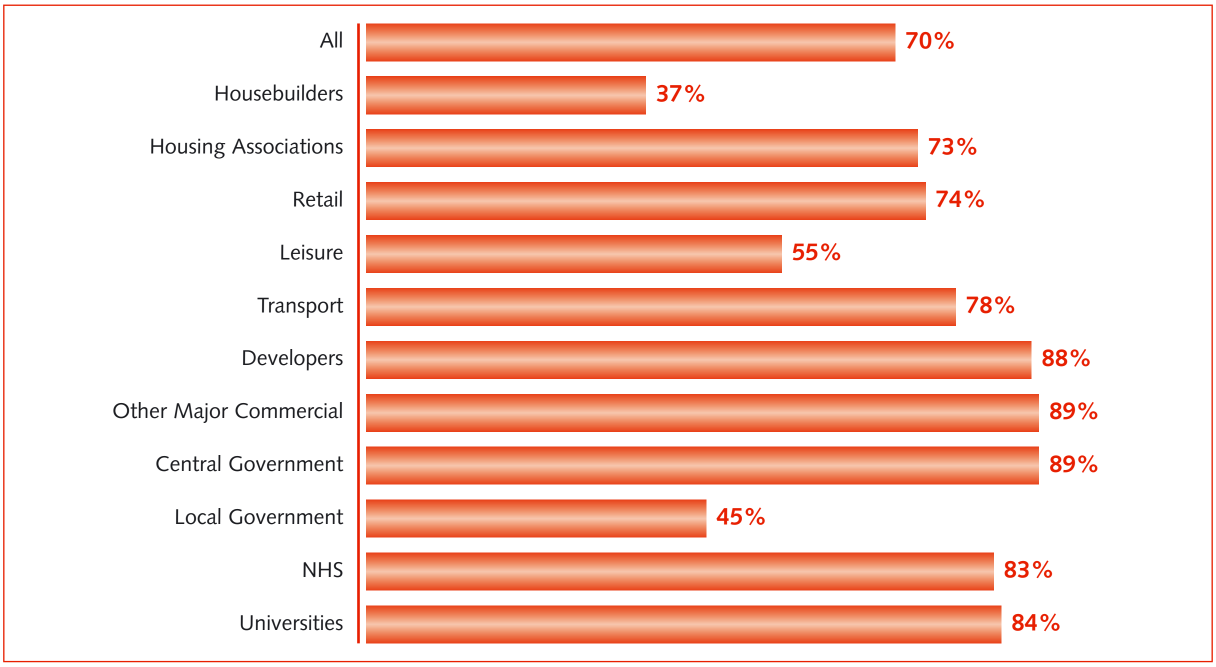
Clients were asked to give examples of products they had specified by brand, and to give the driving factor which prompted them. Some of these are given below. In 21% of all the examples given, the Client commented on the excellent service provided by the manufacturer in terms of responding promptly, giving a good product demonstration, providing information, samples and case studies.

- Shower cubicle, one extended piece of plastic. The product sold itself, also good contact from the manufacturer. (University)
- Specific steel frame system for a project, it looked good, we are encouraged to be innovative in construction techniques. It's faster and there is less drying out and condensation in the building. (Housing Association)
- Helen Sheane wallcovering, a new image for us. Very good product at the right price. The manufacturer was very helpful with samples, literature and information. We have a very good relationship with them. (Major Commercial Organisation)
- A range of M&E equipment. Had a good chat over the phone with the rep who gave me all the information and answered my queries. (Major Commercial Organisation)
- Altro Flooring. Reps call regularly and keep us up-to-date with information. It's generally down to the relationship with the reps, they are not pushy, they know the product. (NHS)
- Tarkett Sommer flooring. Good past experience of similar product in this range. (Retail)
- Forticrete, because of the seamless finish. (Retail)
- Showers. A different design, more contemporary than the ones we were using. (Housebuilder)
- D W Windsor. A quality product although not the cheapest.(Housebuilder)
- Armitage Shanks. Good relationship, good product, good reps, updates good. (NHS)

5.8 External parties involved in selecting products

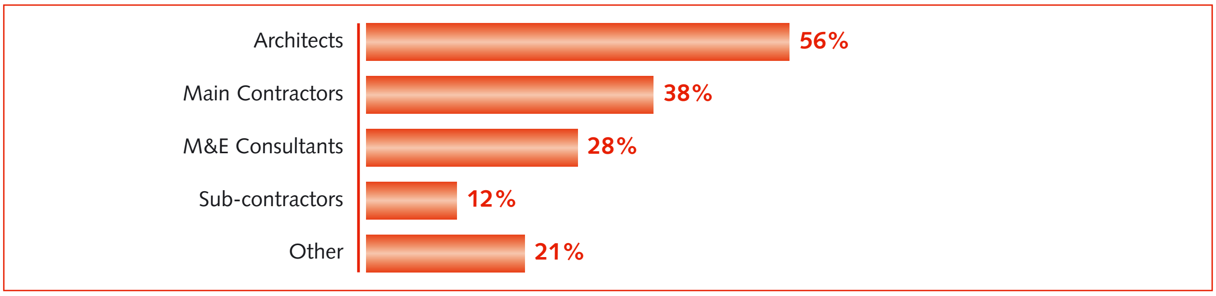
In about 70% of product decisions, another party selects the brand or makes suggestions. These decisions are more frequently made by external Architects, but Main Contractors are also very important. As 59% of Clients have approved lists of Designers and 71% approved lists of Main Contractors, manufacturers should target companies and practices on these approved lists to achieve use of their products in major Clients' construction projects.

Clients involving external parties in product selection as % of Clients



Source: Telephone programme, base 322.

External parties involved in selecting products on behalf of Clients as % of Clients involving external parties



Source: Telephone programme, base 224 where external parties make some/any product decisions.

In Housing Associations, where Design and Build is the preferred construction approach, it is the Main Contractors who make most of the product decisions. In other sectors, Architects are more frequently involved than other parties.

External parties involved in selecting products by type of Client
as % of Clients involving external parties

	Architects	Main Contractors	M&E Consultants	Sub-contractors
All	**56%**	**38%**	**28%**	**12%**
Housebuilders	33%	7%	27%	27%
Housing Associations	42%	74%	32%	42%
Retail	60%	48%	28%	12%
Leisure	67%	33%	0%	8%
Transport	100%	29%	43%	0%
Developers	56%	41%	38%	9%
Other Major Commercial	65%	41%	24%	12%
Central Government	44%	44%	25%	0%
Local Government	42%	53%	21%	0%
NHS	57%	30%	30%	11%
Universities	81%	13%	25%	6%

Source: Telephone programme, base 224 where external parties make some/any product decisions.

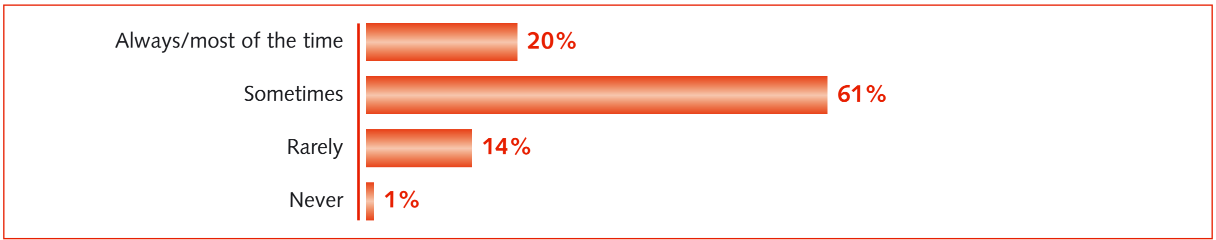
5.9 Brand switching by others

69% of Clients specify brands (section 6.1). About half of their specifications with a named brand include the words 'or equal and approved' (section 6.3). By adding these words, Clients are inviting others to suggest alternatives. To what extent does this occur? The Clients interviewed estimated that, on average, in 22% of their brand recommendations the Main Contractor suggests an alternative and in 20% the Architect does so. This means that over 40% of Clients' brand recommendations are challenged by another party.

Product areas which are most subject to alternative recommendations are Fit-out and Services, which are the two areas more frequently specified by brand by Clients.

However Clients do not always agree with the suggested alternative; 61% said they do so 'sometimes'.

Frequency with which Clients agree with suggested alternative
as % of Clients



Source: Telephone programme, base 182 whose brand specifications are subject to alternative suggestions.

The main reasons for not agreeing with the suggested alternative, in order of frequency of mention are:

- Suggestion not as good because of inferior performance, poorer quality, less reliable.
- Cost – if more expensive than the original.
- Have confidence in original product, tried and tested.
- Where need continuity or uniformity of product.
- If cost of maintenance is higher (most mentioning this were in the public sector).
- Where have developed a relationship with the original supplier.

Comments show that Clients are aware that Contractors sometimes suggest alternatives for the Contractor's own benefit. Clients resist this if they are aware of it. Product manufacturers need to maintain contact with the Client to ensure the key benefits of their products are understood and that the Contractor cannot cause a switch with excuses based on cost or availability.

6. Factors influencing Clients' product decisions

This section addresses the important factors which affect Clients' choice of products.

- In order of importance, the key product selection criteria overall are health and safety, lifecycle costs, initial price, sustainability and the supplier relationship.
- In products used in the Envelope, Fit-out and External Works, appearance is the second most important criterion after health and safety considerations.
- Around one-third expect sustainability, health and safety and lifecycle costs to become more important.
- 40% would like to see the sustainability of products improved.
- Only 23% of all Clients are willing to try out new products, although over half of Housebuilders are willing to do so.
- 11% use prefabrication on a large number of projects and a further 36% on some projects.

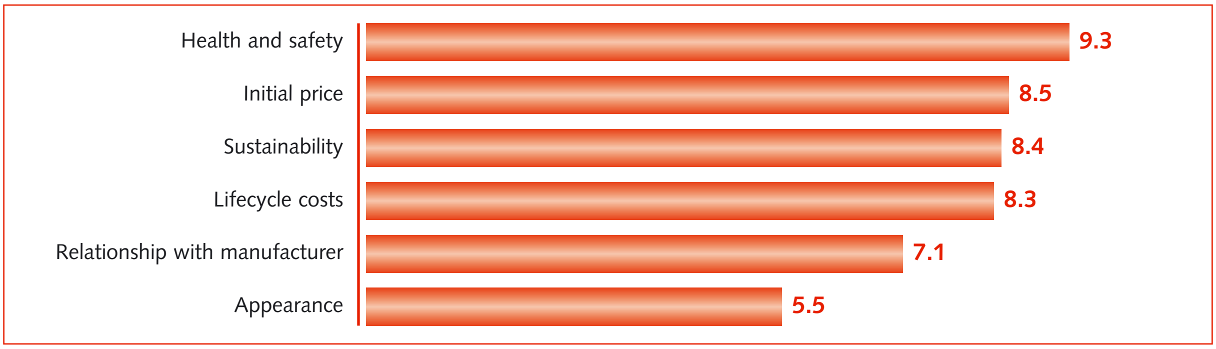
6.1 Key product requirements

Clients are involved in selecting the brand or manufacturer for all types of products, although they more commonly do so for products used in Fit-out. Those involved in making brand decisions in each of the six building categories used for this research were asked to rate the importance of a given list of criteria when selecting brands/manufacturers.

Health and safety emerged as having a significant influence on product choice across all product types. For these major Clients, lifecycle costs are now as important, if not more so, than the original price for some products.

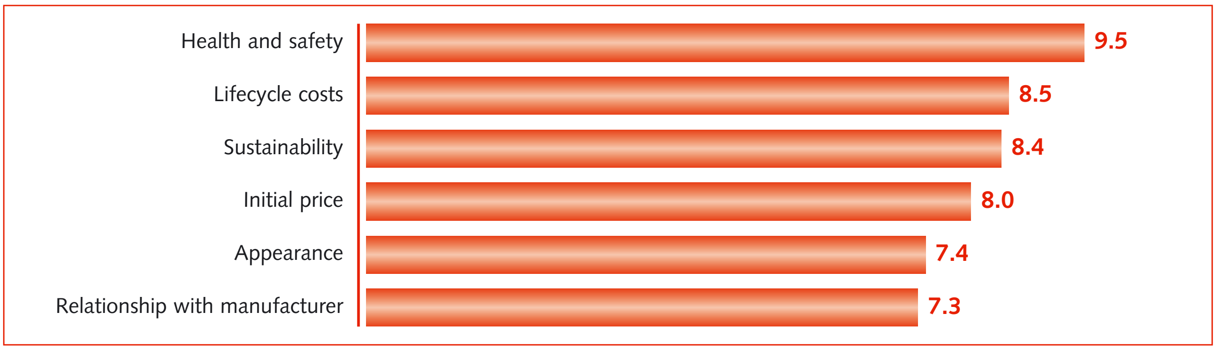
Importance of factors in selection of products, rating out of 10 where 10 = very important

Sub-structure



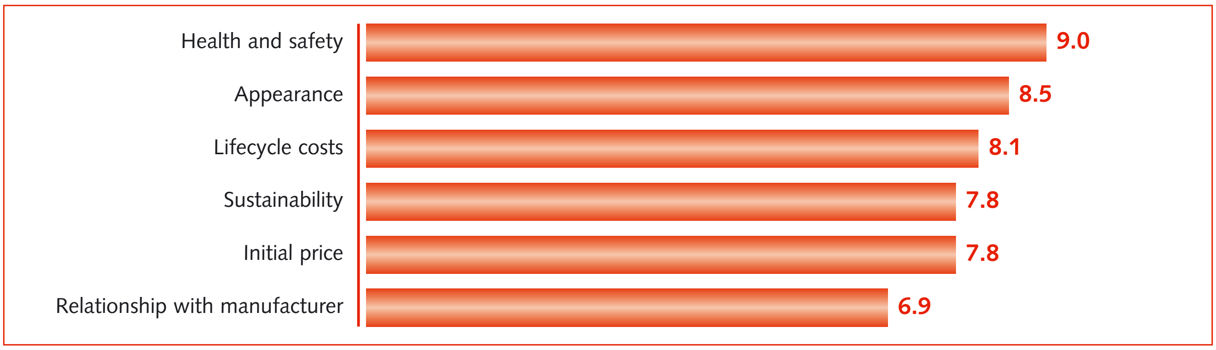
Source: Telephone programme, base 36 involved in brand decisions for Sub-structure.

Structure



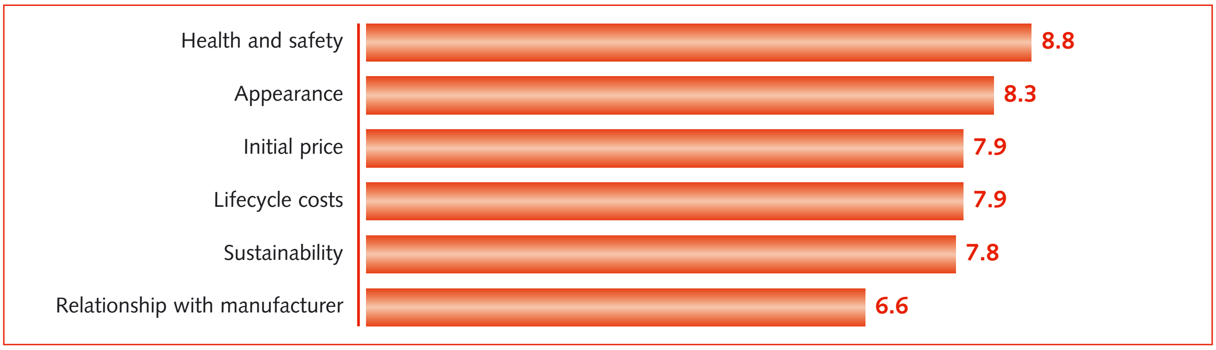
Source: Telephone programme, base 48 involved in brand decisions for Structure.

Envelope



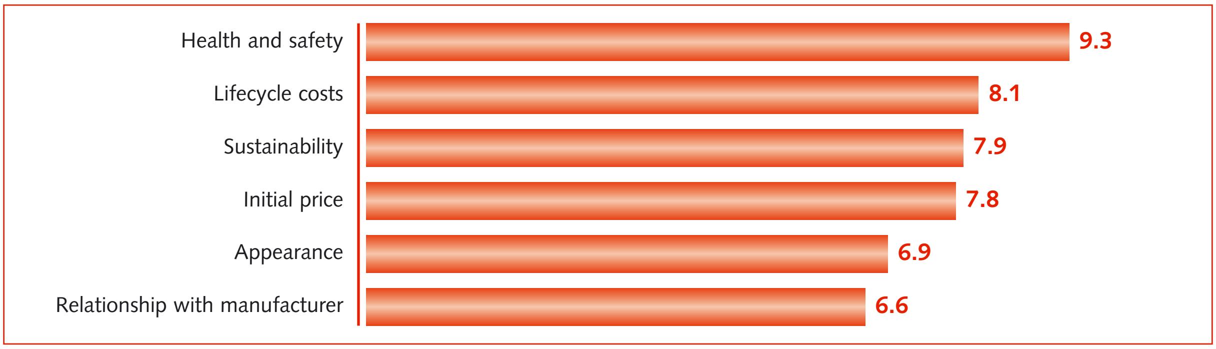
Source: Telephone programme, base 72 involved in brand decisions for Envelope.

Fit-out



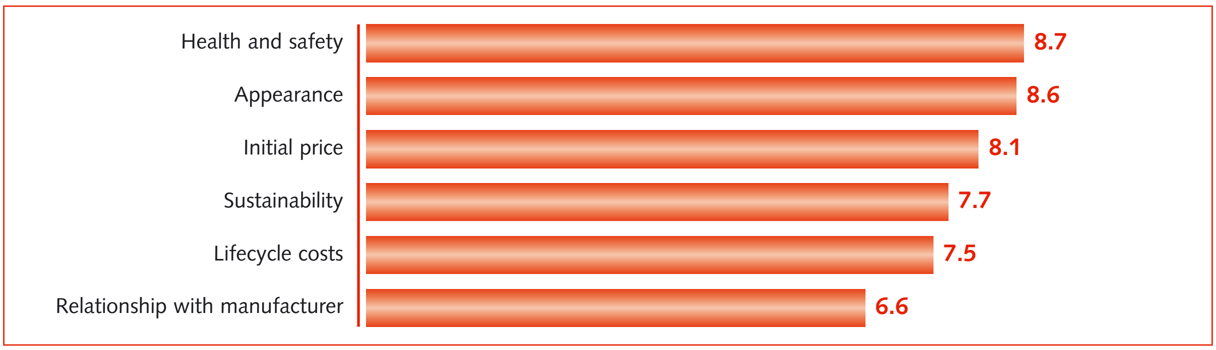
Source: Telephone programme, base 149 involved in brand decisions for Fit-out.

Services



Source: Telephone programme, base 103 involved in brand decisions for Services.

External works



Source: Telephone programme, base 40 involved in brand decisions for External works.

Although most types of Client rate these factors in a similar order, all are rated highly. Differentiation on one factor could have a significant influence. Although last on the list, the relationship with suppliers is an important factor, with average scores of around 7 out of 10. The next table should be viewed in this context.

Importance of factors by Client type
Ranking in order of importance

	Health and safety	Lifecycle costs	Initial price	Sustainability	Relationship with suppliers
All	**1**	**2**	**3**	**4**	**5**
Housebuilders	1	3	2	4	5
Housing Associations	1	2	4	3	5
Retail	1	2	3	4	5
Leisure	1	3	4	2	5
Transport	1	2	4	3	5
Developers	1	3	2	4	5
Other Major Commercial	1	=3	=3	2	5
Central Government	1	2	4	3	5
Local Government	1	2	4	3	5
NHS	1	2	3	4	5
Universities	2	3	1	4	5

Source: Telephone programme, base varies.

Housebuilders were also asked above what house price they seriously look at increasing the quality of products used in their homes. As there are vast differences in prices regionally their answers have been analysed by the area of the country in which they are situated.

House price above which quality of products is increased

Area	House Price
London and South-east	£430,000
South-west	£250,000
Midlands and Wales	£145,000
Northern England	£215,000

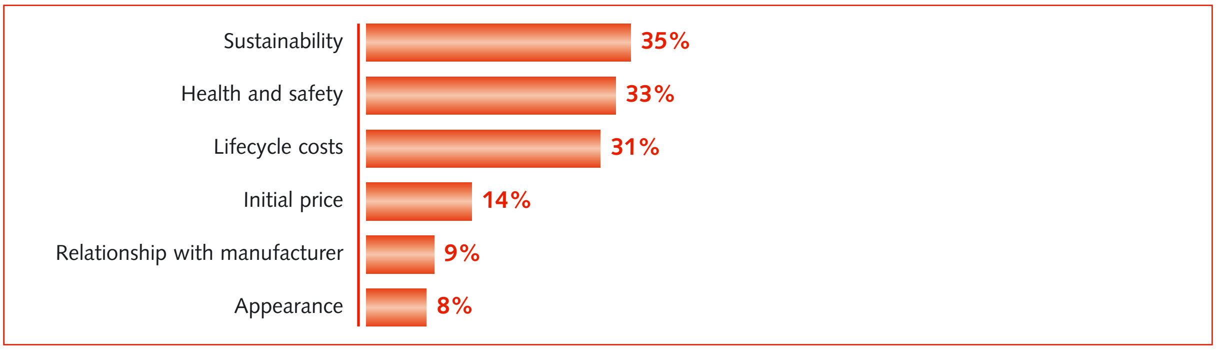
Source: Telephone programme, base 41 Housebuilders.
The 2 Housebuilders interviewed in Scotland answered that it varied.

Given the apparent importance of lifecycle costs, Clients can be expected to have procedures in place to monitor performance in use. However, only 39% of Clients have such procedures. Only 13% of Developers monitor performance, but a much higher proportion of Housebuilders and Housing Associations do so (71% and 65% respectively). This is particularly surprising in the case of Housebuilders who are not recognised for valuing cost-in-use. However, they do have an obligation to ‘snag’ and put right faulty products within the warranty period, so this may explain why they look at performance.

6.2 Requirements expected to become more important

Clients were asked which of these factors were expected to become more important. Health and safety, sustainability and lifecycle costs are expected to become even more important by one-third of Clients each.

Factors expected to grow in importance as % of Clients



Source: Telephone programme, base 222 involved in brand decisions.

There are variations in the anticipated growth in importance of factors by type of Client, the most notable of which are:

- Initial price - 30% of Developers and 27% of those in the Leisure sector expect this to become more of an issue.
- Lifecycle costs - 83% of Central Government departments and 50% of transport organisations anticipate that this will grow in importance.
- Appearance - 27% of Leisure companies expect this to become more important.
- Sustainability is particularly an issue for those in Transport with 83% expecting this factor to become more important.

Factors expected to become more important as % of Clients

	Health and safety	Lifecycle costs	Initial Price	Sustainability	Appearance	Relationship with suppliers
All	**33%**	**31%**	**14%**	**35%**	**8%**	**9%**
Housebuilders	42%	13%	8%	29%	8%	8%
Housing Associations	33%	44%	6%	44%	6%	28%
Retail	33%	22%	22%	33%	7%	11%
Leisure	45%	27%	27%	45%	27%	9%
Transport	50%	50%	17%	83%	17%	0%
Developers	30%	43%	30%	35%	4%	4%
Other Major Commercial	23%	15%	15%	31%	0%	8%
Central Government	17%	83%	0%	17%	0%	17%
Local Government	34%	41%	17%	41%	14%	3%
NHS	31%	31%	11%	33%	6%	8%
Universities	20%	27%	0%	20%	0%	13%

Source: Telephone programme, base 222 involved in brand decisions.

6.3 Scope for improvement in product development

In terms of product improvements, where is there most scope for development? 40% of Clients answered 'sustainability'. Those with a greater interest in lifecycle costs such as Housing Associations feel that information on this could also be improved. Over 1 in 10 would like the relationship with product suppliers to be improved.

Clients stating factor could be improved in products generally

	Sustainability	Lifecycle costs	Health and safety	Relationship with suppliers
All	**40%**	**34%**	**15%**	**11%**
Housebuilders	37%	18%	24%	13%
Housing Associations	39%	67%	22%	17%
Retail	30%	52%	15%	7%
Leisure	55%	27%	18%	9%
Transport	50%	50%	17%	0%
Developers	35%	35%	13%	13%
Other Major Commercial	15%	15%	8%	31%
Central Government	67%	33%	17%	17%
Local Government	45%	38%	10%	7%
NHS	56%	25%	14%	8%
Universities	27%	33%	7%	7%

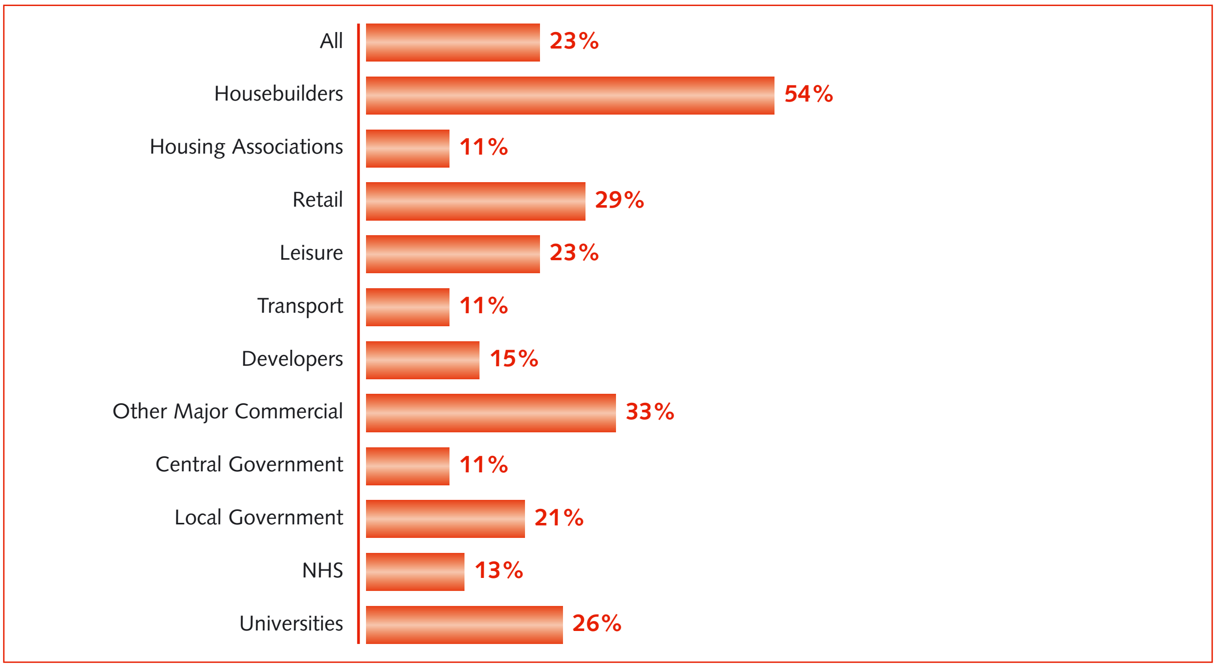
Source: Telephone programme, base 222 involved in brand decisions.

6.4 Willingness to use new products

Complaints are often heard from manufacturers that Clients are very unwilling to specify new or innovative products. Questions were therefore included in the research to quantify this. 23% of all Clients, or 33% of those making brand decisions, specify new products on a frequent or occasional basis, although only 4% of all Clients do so frequesntly. 35% of all Clients do so rarely, which suggests some wariness to use new and possibly untested products. 9% of all Clients never use new products, not wanting to take the risk, while 31% do not specify brands.

Housebuilders are more likely to try out new products. This shows that manufacturers need to consider who they are targeting with an innovative product.

Percentage frequency or sometimes specifying new products as % of Clients



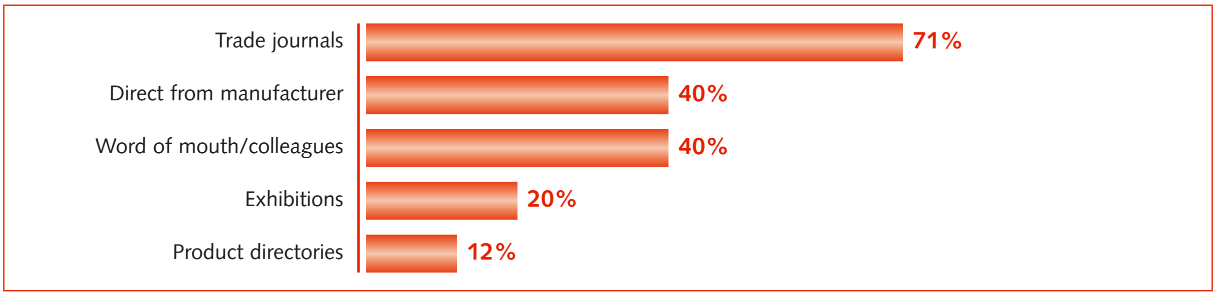
Source: Telephone programme, base 322.

Factors that influence Clients to consider a new product are, in order of importance:

- Function and quality.
- Financial benefit.
- Environmental issues.
- Where an existing product causes problems.
- Where up-to-date products are required.
- Recommendation.
- To meet legislative or health and safety requirements.

How do Client organisations hear about new products? Nearly three-quarters learn of them through trade journals. Only one in five Clients learns of new products at exhibitions, which have traditionally been regarded as a good way of introducing new products to market.

Source of new product information as % of Clients

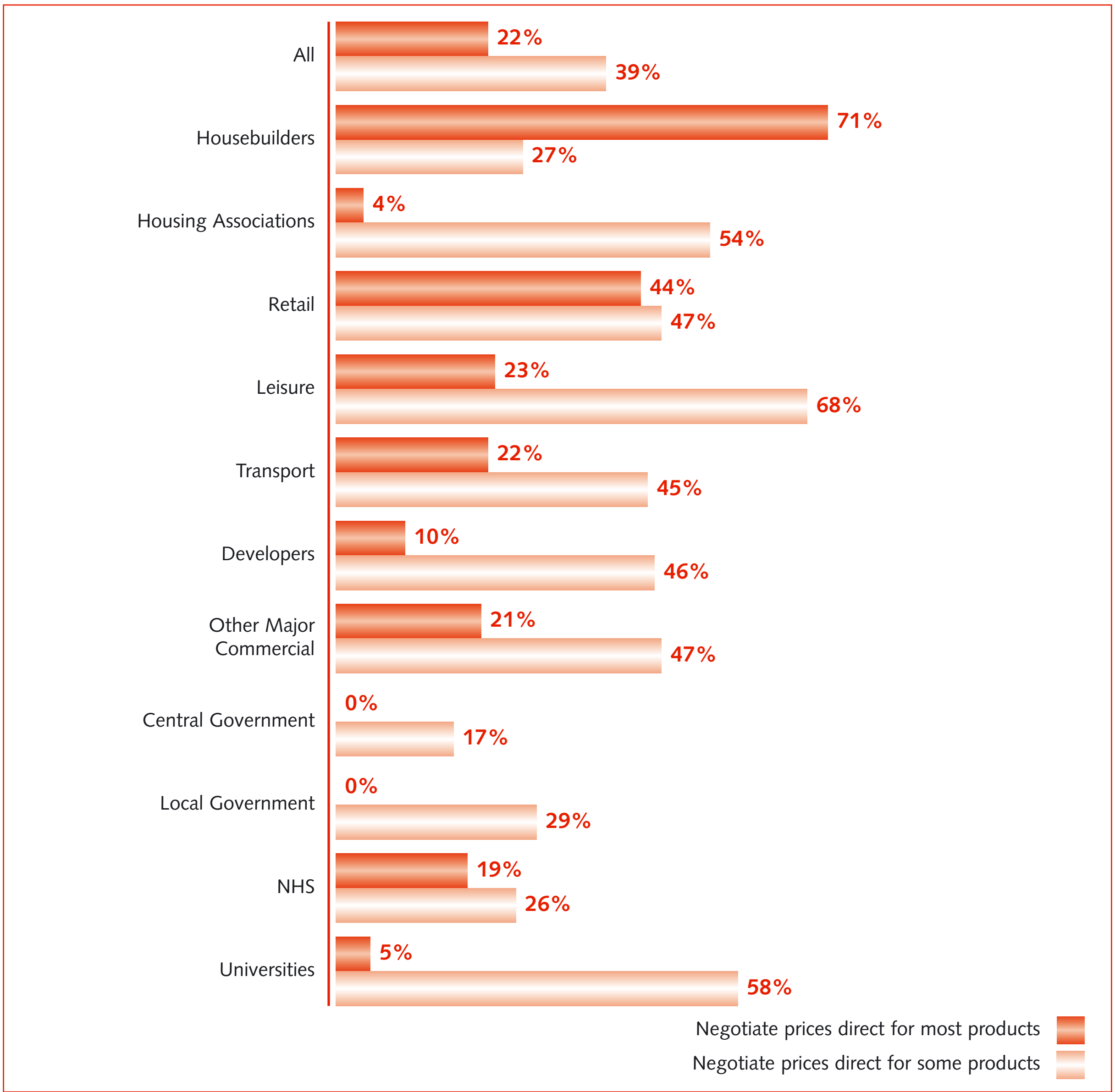


6.5 Direct price negotiation and online bidding

Some Clients negotiate prices directly with manufacturers. This allows the product benefits to be explained directly rather than via a third party.

Housebuilders are most likely to negotiate direct, with their sub-contractors usually ordering from merchants at the pre-agreed prices.

Direct price negotiation



Source: Telephone programme, base 322.

A range of products may be subject to direct negotiation, most commonly kitchens, bathrooms, doors and windows.

Online bidding takes direct price negotiation one step further. Manufacturers with products considered to be suitable are asked to bid for future work by quoting their 'best' prices, with the opportunity to 'improve' this as they view the bids of competitors. Amongst the Client companies interviewed for this year's Barbour Report, only 5% use online bidding. The main sectors using this approach are the Other Major Commercial Organisations (31%) and Retailers (15%).

6.6 Prefabrication and other issues affecting product selection

The Egan initiatives are spear-heading a drive to increase efficiency, quality and costs of construction. One route recommended in The Egan Report, and its successor 'Accelerating Change' is the use of prefabricated modules. Extensively used in other countries for homes and other buildings, this approach has been introduced in building types suited to modular construction, ranging from major structural elements to student accommodation and bathroom 'pods' in hotels. More recently, Housebuilders have studied its use for homes and some are now using prefabrication.

This construction method has implications for manufacturers, in that they may need to re-design their products to suit prefabrication. Standardised approaches also provide benefits to both parties through the development of long term relationships.

The research for the Barbour Report has found that 11% of the Clients interviewed are using pre-fabrication on a large number of their projects. Almost 20% of Developers, Leisure sector Clients and the NHS are using prefabrication extensively.

Use of prefabrication

	Using on a large number of projects	Using on a small number of projects	Considering using	Unlikely to use/don't know
All	**11%**	**36%**	**19%**	**34%**
Housebuilders	10%	34%	27%	29%
Housing Associations	4%	46%	35%	15%
Retail	3%	24%	24%	47%
Leisure	18%	23%	14%	50%
Transport	11%	44%	11%	33%
Developers	18%	23%	13%	46%
Other Major Commercial	11%	32%	21%	37%
Central Government	11%	39%	17%	33%
Local Government	0%	45%	10%	45%
NHS	19%	47%	13%	21%
Universities	11%	37%	26%	26%

Source: Telephone programme, base 222 involved in brand decisions.

In addition to prefabrication, other issues likely to have a future bearing on product selection include sustainability or environmental issues, mentioned unprompted by 20% of Clients. Health and safety was also mentioned by almost 10%.

7. Influencing Clients

Having established that Clients are an important sector for manufacturers, and having identified the product areas in which they are most involved, this section examines how manufacturers can influence Clients most effectively.

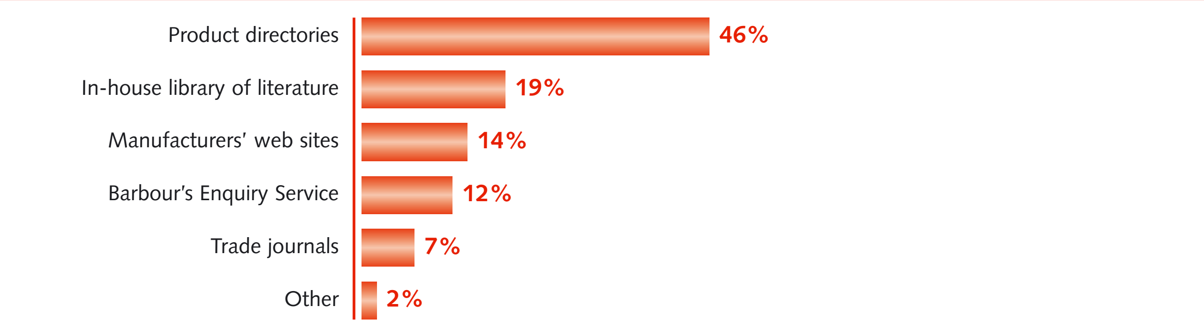
- 74% of Clients want to be directly contacted by product manufacturers, preferably initially in the form of hard copy literature.
- When initially sourcing products, 46% of Clients reach for product directories.
- 77% have hard copy libraries containing manufacturers' literature.
- 11% feel that relationships with manufacturers could be improved, with most scope for improvement in the information and technical assistance they receive.

7.1 Information sources

Knowing where Clients turn to source product information is a useful indicator as to where manufacturers should focus their marketing efforts. Sources used for both technical and product information were examined in this year's research.

When initially sourcing information on products, just under half prefer to use product directories.

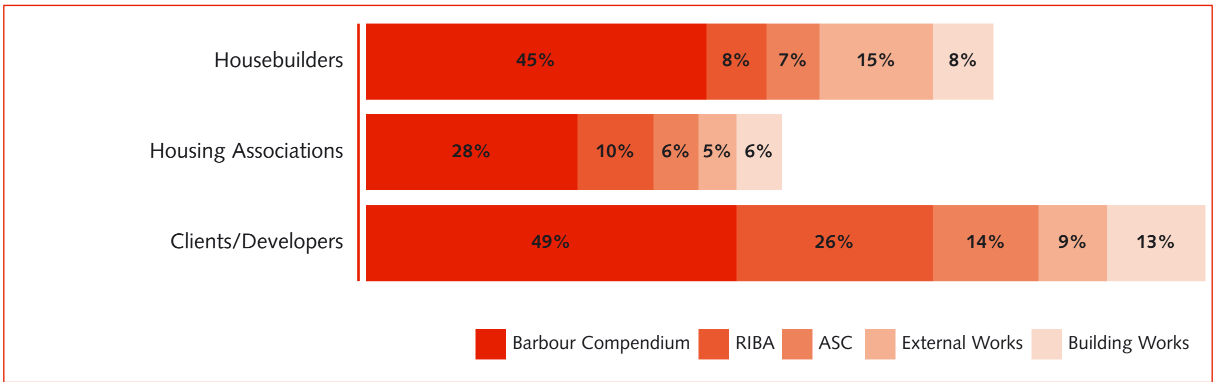
Sources ranked first for usefulness by Clients when sourcing product information



Source: Barbour Building Product Compendium User Questionnaire 2003 (base 1,225 clients).

Having established the importance of directories as a product reference source, which ones do Clients turn to? 57% of the Clients interviewed for this year's Barbour Report use Barbour's Building Product Compendium. Independent research conducted by NOP in 2002 shows similar results.

Directories used in the last 12 months

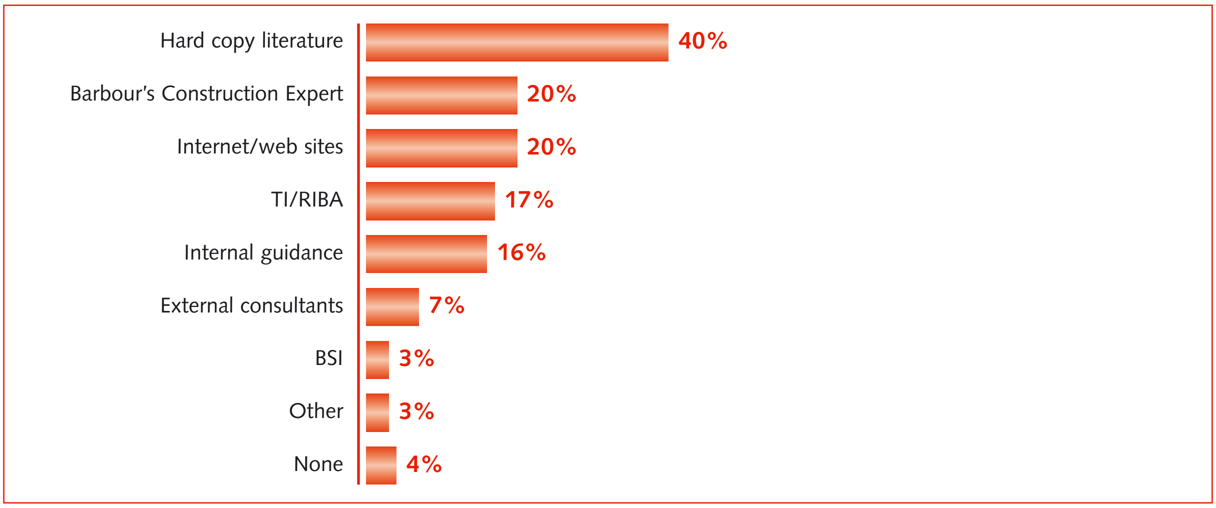


Source: NOP, 'The Building Industry, a study of product decision-making, information sources and readership' 2002, base 310.

The telephone survey also identified that 77% of major Clients have hard copy libraries containing manufacturers' literature. 80% use manufacturers' web sites but, as shown above, only 14% prefer to use these when sourcing information.

Manufacturers' literature is frequently used to provide not only product information, but also the technical information required.

Sources used for general technical information (unprompted) as % of Clients

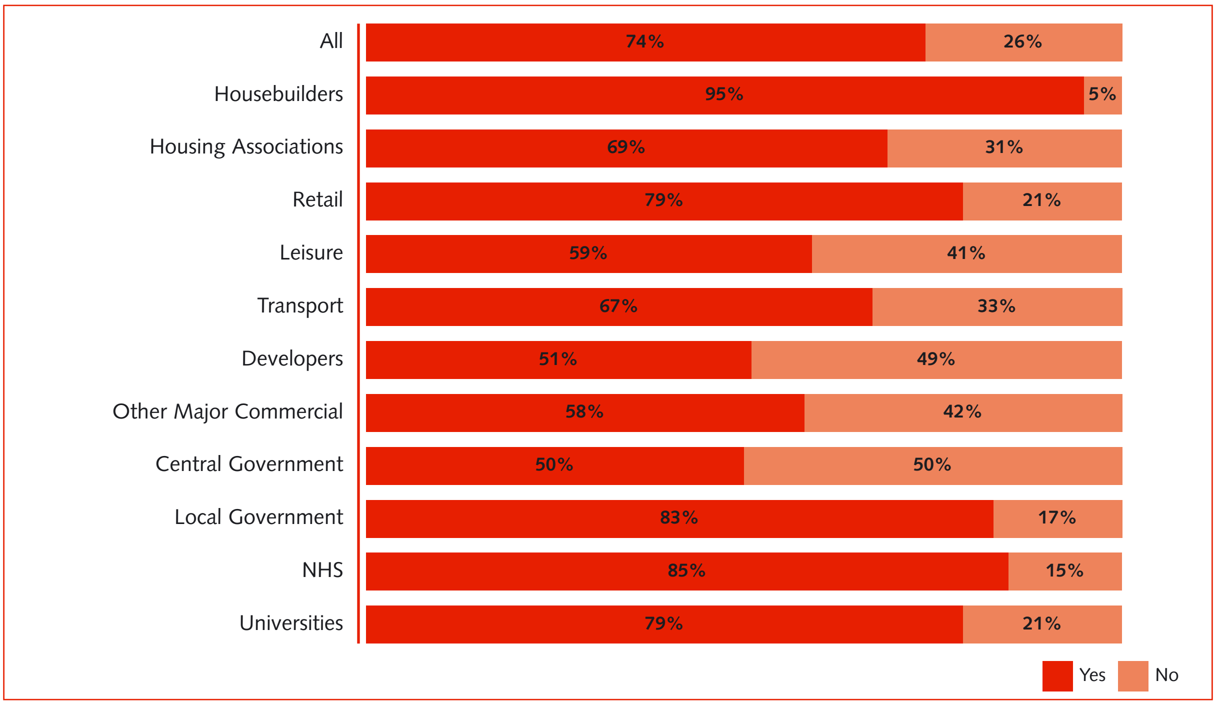


Source: Telephone programme, base 322.
Adds to over 100% as more than one source mentioned.
When prompted, a further 12% use Barbour's Construction Expert service. This means that 32% of Clients in total use Construction Expert.

7.2 Interest in hearing from manufacturers

74% of Clients are happy for product manufacturers to promote directly to them. However about half of Developers and Central Government departments do not want manufacturers to contact them direct because, in most cases, these Clients do not specify brands. 26% would rather do their own product searching as and when required.

Should product manufacturers promote their products to you?



Source: Telephone programme, base 322.

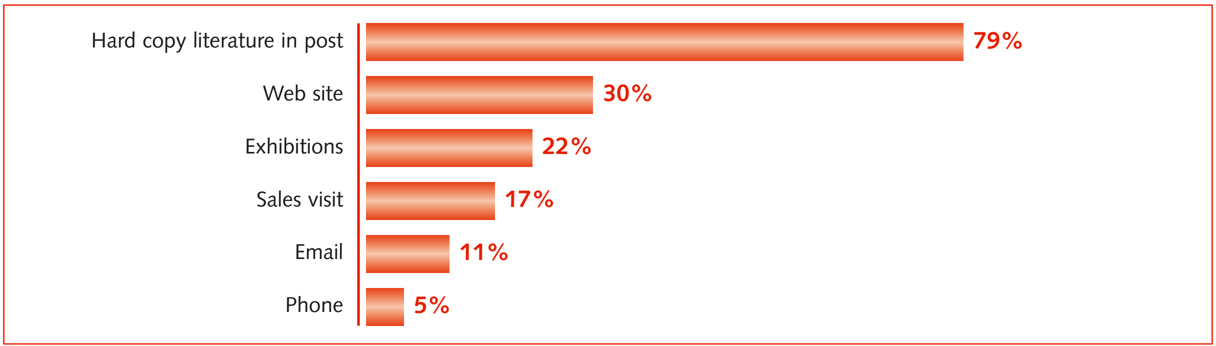
One-quarter commented that they are open to hearing about all types of products; others mentioned specific product types. These are listed below in order of frequency of mention. The NHS in particular mentioned a wide range of products, especially service-related ones.

- M&E equipment (eg lighting, heating, air conditioning).
- Structural and envelope products.
- Paint and finishes.
- Fit-out, especially flooring, wall finishes.
- Doors and windows.
- Flooring.
- Lighting.
- Sanitaryware.
- Kitchens.

7.3 Preferred form of approach from product manufacturers

Given such a high proportion requiring information from product manufacturers, in what form should this information be provided? Nearly 8 out of 10 answered 'hard copy'. In spite of high access to web sites, only 30% want to obtain information in this way, although some want access to both hard copy and web sites.

Preferred approach from product manufacturers
% of Clients stating preference



Source: Telephone programme, base 238 wanting contact from manufacturer.s
Adds to over 100% as more than one method mentioned.

Preferred approach from product manufacturers by Client type
% of Clients stating preference

	Hard copy literature	Web site	Exhibitions	Sales visit	Email
All	**79%**	**30%**	**22%**	**17%**	**11%**
Housebuilders	85%	15%	15%	23%	13%
Housing Associations	83%	33%	39%	22%	11%
Retail	78%	33%	22%	7%	15%
Leisure	92%	38%	23%	23%	8%
Transport	83%	33%	17%	33%	17%
Developer	74%	37%	26%	5%	16%
Other Major Commercial	91%	27%	27%	9%	18%
Central Government	67%	22%	22%	11%	0%
Local Government	71%	34%	14%	14%	14%
NHS	76%	29%	20%	22%	4%
Universities	87%	33%	27%	20%	0%

Source: Telephone programme, base 238 wanting contact from manufacturers.

7.4 Scope for improvement in the relationship with product manufacturers

11% of Clients felt that, considering a range of product related issues such as sustainability, health and safety and lifecycle costs, that it is their relationships with product manufacturers that could be most improved. Others also felt that there is scope for improvement. How can manufacturers improve their relationships with Clients? This open question was asked at the end of the interview and, in total, half of the Clients interviewed had a suggestion to make.

The five main factors which Clients suggested would help improve the relationship with manufacturers (mentioned unprompted) were:

- Improve technical help and information.
- Improve after-sales service and customer service generally.
- Improve deliveries (on-time).
- Keep Clients up-to-date with information.
- Better or more concise information.

8. Sector summaries

% of organisations	Private Housebuilders	Housing Associations	Retail sector (inc High Street banks)
Examples of leading companies	Wimpey, Persimmon, Barratt, Bellway, Taylor Woodrow	Guinness Trust, Peabody Trust, Orbit, Anchor	J Sainsbury, Royal Bank of Scotland, Tesco, Asda
Sector size '02 (current prices)	£10,400 million	£1,700 million	£2,500 million
Preferred contract type (main) (More use – this is preference only)	N/A	38% prefer D&B	41% prefer Traditional
% budget new build	100%	62%	24%
% refurbishment and fit-out	N/A	38%	76%
Average % of buildings owned	N/A	N/A	14%
Have planned refurbishment	N/A	81%	79%
Have in-house design	59%	23%	59%
Appoint known designer	56%	73%	56%
Product details mentioned in initial brief	New build 66%	New build 23% Refurb 42%	New build 41% Refurb 62%
Detailed brief prepared mainly internally	90%	58%	76%
Having partnering relationships with product manufacturers	39%	31%	35%
Exchange at least half of information electronically on projects	70%	27%	89%
Make brand decisions for some/any area of building	93%	69%	79%
Average % of products where Client has made brand decision	66%	15%	31%
Make brand decision for products in the Sub-structure	61%	12%	18%
Structure	66%	0%	15%
Envelope	73%	15%	29%
Fit-out	84%	19%	68%
Services	61%	31%	50%
External Works	51%	12%	21%
Main titles responsible for brand decisions	Buyer, Architect	Project Manager, Construction Manager, Property Manager	Project Manager, Architect
Involve an external party in product selection	37%	73%	74%
Main external party	Architect	Contractor	Architect
% with approved product lists	85%	65%	88%
% of products used in buildings on approved lists (includes those without approved lists in average)	63%	39%	57%
Product related issues expected to become more important (main)	Health and safety	Lifecycle costs, sustainability	Health and safety, sustainability
Use of innovative products - % willing to specify	54%	11%	29%
Negotiate direct with manufacturer for most products	71%	4%	44%
Use prefabrication	44%	50%	27%

N/A = not applicable

% of organisations	Leisure	Transport	Developers and Funders
Examples of leading companies	McDonalds, De Vere Hotels, First Leisure	BAA, Network Rail	Legal and General, English Partnerships, Prologis, MEPC
Sector size '02 (current prices)	£1,821 million	£2,062 million	Private commercial offices = £3,973 million
Preferred contract type (main) (More use – this is preference only)	41% prefer Traditional	22% prefer D&B, 44% have no preference	44% prefer D&B
% budget new build	25%	46%	61%
% refurbishment and fit-out	75%	54%	35%
Average % of buildings owned	55%	100%	Not asked
Have planned refurbishment	64%	56%	26%
Have in-house design	41%	33%	23%
Appoint known designer	73%	56%	67%
Product details mentioned in initial brief	New build 45% Refurb 41%	New build 11% Refurb 11%	New build 26% Refurb 21%
Detailed brief prepared mainly internally	91%	33%	49%
Having partnering relationships with product manufacturers	32%	22%	21%
Exchange at least half of information electronically on projects	77%	89%	77%
Make brand decisions for some/any area of building	50%	67%	22%
Average % of products where Client has made brand decision	27%	17%	22%
Make brand decision for products in the Sub-structure	18%	11%	15%
Structure	18%	11%	13%
Envelope	18%	11%	26%
Fit-out	32%	22%	31%
M&E Services	41%	22%	26%
External Works	32%	22%	21%
Main titles responsible for brand decisions	Architect Project Manager	Project Manager, Engineer, Surveyor	Project Manager
Involve an external party in product selection	55%	78%	88%
Main external party	Architect	Architect	Architect
% with approved product lists	82%	44%	36%
% of products used in buildings on approved lists (includes those without approved lists in average)	40%	42%	23%
Product related issues expected to become more important (main)	Health and safety, sustainability	Sustainability	Lifecycle costs
Use of innovative products - % willing to specify	23%	11%	15%
Negotiate direct with manufacturer for most products	23%	22%	10%
Use prefabrication	41%	55%	41%

% of organisations	Other Major Commercial Organisations (FTSE Top 100)	Central Government	Local Government
Examples of leading companies	BT, ICI, BP	Defence Estates, Prison Service, Police, Westminster	Birmingham City Council, other metropolitan and local councils
Sector size '02 (current prices)	Private commercial offices = £1,821 million and Private industrial = £2,238 million	Public non-housing excluding Health = £4,831 million	
Preferred contract type (main) (More use – this is preference only)	32% have no preference the majority answer	56% prefer Traditional	55% prefer Traditional
% budget new build	36%	37%	37%
% refurbishment and fit-out	64%	63%	63%
Average % of buildings owned	56%	72%	78%
Have planned refurbishment	42%	78%	74%
Have in-house design	21%	22%	79%
Appoint known designer	53%	11%	17%
Product details mentioned in initial brief	New build 26% Refurb 42%	New build 17% Refurb 11%	New build 17% Refurb 24%
Detailed brief prepared mainly internally	47%	67%	86%
Having partnering relationships with product manufacturers	32%	65%	7%
Exchange at least half of information electronically on projects	84%	56%	78%
Make brand decisions for some/any area of building	69%	33%	69%
Average % of products where Client has made brand decision	17%	9%	38%
Make brand decision for products in the Sub-structure	0%	6%	33%
Structure	0%	6%	33%
Envelope	5%	6%	38%
Fit-out	37%	11%	45%
M&E Services	37%	11%	43%
External Works	21%	11%	38%
Main titles responsible for brand decisions	Project Manager, Technical Manager/Director, Architect, Buyer	Engineer, Surveyor, Project Manager	Architect, Project Manager, Surveyor
Involve an external party in product selection	89%	89%	45%
Main external party	Architect	Architect and Contractor	Contractor
% with approved product lists	63%	33%	29%
% of products used in buildings on approved lists (includes those without approved lists in average)	36%	13%	19%
Product related issues expected to become more important (main)	Sustainability	Lifecycle costs	Sustainability, lifecycle costs
Use of innovative products - % willing to specify	33%	11%	21%
Negotiate direct with manufacturer for most products	21%	0%	0%
Use prefabrication	43%	50%	45%

% of organisations	NHS	Universities
Examples of leading companies	Top 200 NHS Trusts	Manchester, Oxford
Sector size (current prices)	£1,051 million	Total public education = £2,058 million (included in Government figure above)
Preferred contract type (main) (More use – this is preference only)	60% prefer Traditional	58% prefer Traditional
% budget new build	35%	56%
% refurbishment and fit-out	65%	44%
Average % of buildings owned	86%	86%
Have planned refurbishment	58%	63%
Have in-house design	42%	37%
Appoint known designer	28%	53%
Product details mentioned in initial brief	New build 28% Refurb 38%	New build 21% Refurb 42%
Detailed brief prepared mainly internally	58%	47%
Having partnering relationships with product manufacturers	6%	0%
Exchange at least half of information electronically on projects	68%	58%
Make brand decisions for some/any area of building	68%	79%
Average % of products where Client has made brand decision	21%	22%
Make brand decision for products in the Sub-structure	11%	5%
Structure	11%	11%
Envelope	15%	11%
Fit-out	28%	42%
M&E Services	34%	37%
External Works	26%	26%
Main titles responsible for brand decisions	Project Manager, Architect, Estates Manager	Project Manager, Property Manager, Surveyor
Involve an external party in product selection	83%	84%
Main external party	Architect	Architect
% with approved product lists	53%	63%
% of products used in buildings on approved lists (includes those without approved lists in average)	30%	24%
Product related issues expected to become more important (main)	Sustainability	Lifecycle costs
Use of innovative products - % willing to specify	13%	26%
Negotiate direct with manufacturer for most products	19%	5%
Use prefabrication	66%	48%

9. Conclusions

Building Product Manufacturers need to be aware of the increasingly influential role of Clients across all construction sectors, in brand specification and recommendation. While 40% of specifications made by Clients are subsequently challenged, Clients remain responsible for 37% of all brand decisions, particularly in Fit Out and Finish and M&E Services. In addition, the products selected are increasingly drawn from their approved lists.

The research highlights significant variances in approach across the eleven Client sectors studied, with Housebuilders exerting the greatest influence in product and brand selection, followed by Local Government and the Retail Sector. Those least involved are Housing Associations and Central Government. However, they continue to operate approved lists of products, and the majority of their product decisions are made from these lists.

Although Clients remain risk averse with only 4% frequently specifying innovative products, the Client audience researched demonstrated a strong desire for product information. 74% want to be contacted directly by Manufacturers on product developments and enhancements.

In communicating with Clients, there is a marked preference for tailored hard copy information with clear reasons and benefits for individual product consideration.

While the weighting of priorities varies across product type and Client organisation, the key factors for Manufacturer differentiation and competitive advantage were identified as health and safety, lifecycle costs and sustainability, in addition to the inevitable issue of price.

In terms of marketing channels, while individual Client groups have vastly differing requirements, product directories are the primary destination across all sectors when sourcing product and supplier information.

Clients value their relationships with product Manufacturers in a market where product differentiation is finite; these relationships are a critical factor in brand selection.

Client advisors play an important role, and Clients tend to work with the same companies on repeat projects. The extent of involvement and influence of external advisors varies according to the product type, but Clients often take advice on products from their Specifier and Contractor team members.

In targeting Clients, these frequently used external advisors such as Architects and Contractors should also be identified. With the resistance of Clients in incorporating new or innovative products, the influence and endorsement of these external advisors assumes even greater importance.

Clients are a growing force in the construction industry, and we conclude that this trend is set to continue. For Building Product Manufacturers there is an implicit requirement to communicate and influence these important decision makers. It is also apparent that Clients are not homogenous and Manufacturers need to tailor their approach based on both their product area and their target Client customer.

That said, the attitudinal and working practice changes envisaged and signposted by 'Re-thinking Construction' and 'Accelerating Change' are being adopted. Clients are assuming and exerting greater control over the choice of products going into their buildings, and Manufacturers are well advised to ensure effective, on-going communication with this diverse, but increasingly influential group.

10. Contacts

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