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Proposed Business Strategies for Business Development in Indonesia's Interior Design Industry (Case: Hepta Desain)

Hafizha Ridhal Malik¹, Dwi Larso², Dona Saphiranti³

^{1,2,3} School of Business and Management, Bandung Institute of Technology, Bandung, Indonesia Jl. Gelap Nyawang No.1, Lb. Siliwangi, Kecamatan Coblong, Kota Bandung, Jawa Barat 40132, Indonesia

ABSTRACT: This research aims to develop a proposed business strategy for Hepta Desain, an architectural consultancy firm in Indonesia, to capitalize on the interior design division and seize the opportunity for increased profitability. The study explores the internal and external factors influencing Hepta Desain in the interior design industry and identifies strengths, weaknesses, opportunities, and threats through a comprehensive SWOT analysis. The application of the TOWS Matrix and IE Matrix aids in formulating effective business strategies. Analysis reveals that Hepta Desain possesses strong financial capacity, an established organizational structure, valuable physical assets, advanced technological infrastructure, intangible resources, a positive reputation, and relevant certifications. Leveraging these strengths, the company can pursue market penetration and product development strategies to capitalize on existing industry opportunities. However, certain weaknesses and threats, such as limited transportation resources, technological presence, physical market presence, and service activities, require attention. The recommendations include strengthening marketing and PR activities, investing in technology and innovation, expanding physical presence, and developing strategic partnerships to mitigate risks and maximize competitive advantage. By implementing these strategies, Hepta Desain can position itself as a proactive and distinct player in the interior design industry, thereby enhancing its profitability and market standing.

KEYWORDS: Architecture, Business Strategy, Design Consultancy, Interior Design, Strategy Formulation.

INTRODUCTION

The recent dynamics of global economic developments indicate the importance of increasing competitiveness. Indonesia is expected to be capable of realizing a competitive and great quality of life society through the direction of developing Indonesia's creative economy in accordance with the direction of long-term national development (Law Number 17 of 2007 on 2005–2025 National Long Term Development Plan (RPJP)). Since 2009, the development of the economic subsector creative industry is focused on the development of 15 creative industry groups, including the architecture and interior design industry.

Hepta Desain, an architecture and design consultancy company in Bandung, Indonesia, has an interesting perspective for their consultancy services. In its development of a project, Hepta Desain believes that both architecture and interior design cannot be separated because they are closely related and inseparable from the design to implementation stage. In relation to architecture, interior design plays a role in designing interior space of a building according to the needs and purpose of the space built.

The collaboration between architecture and interior design is vital to ensure a harmonious and integrated design approach. Architects and interior designers work together to translate the architectural vision into tangible interior spaces that optimize functionality, enhance user experiences, and create a cohesive design narrative. They consider aspects such as spatial planning, furniture and fixtures selection, material choices, lighting design, and color schemes to create an interior environment that reflects the intended purpose and aesthetic sensibilities.

Meanwhile, the architectural consulting industry in Indonesia has traditionally focused on providing comprehensive architectural services, encompassing the design, planning, and construction management of various built structures. However, the industry has experienced a paradigm shift due to increasing demand for specialized and customized interior design solutions. The development of this sub-sector has advanced very quickly over the past 20 years, as evidenced by the growing public appreciation of interior design services. As a result, the competition within the interior design industry has become more intense. Numerous specialized interior design firms and standalone interior design studios have emerged, offering a wide range of innovative and personalized

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design solutions. These competitors have recognized the market demand for interior design expertise and have positioned themselves as key players in the industry.

Speaking of the industry potential, based on its services and the outputs, the architecture and interior design consultancy align with the growth of the construction industry. According to the results of Indonesia Construction Market Outlook 2023 by BCI Central, construction in Indonesia will grow 5-6 percent by 2023, even though the global economy got harmed with uncertainty because of the economic downturn in several developed countries. This follows an upward trend of 27.77 percent for 2021 over the previous year. BCI Central revealed that Indonesia's total construction market is estimated to reach IDR 332.95 trillion in 2023, especially consisting of 52.71 percent in the building sector. The building sector is estimated to increase by 10.13 percent in 2023 to reach IDR 175.49 trillion. The residential and industrial project category is expected to be the largest contributor to the total building construction value in 2023 with a respective portion of 31.28 percent and 25.02 percent (Kompas.com, 2023).

Therefore, there is an opportunity to gain above-average return by capitalizing the interior design division in Hepta Desain, in consideration, the interior design division of the Hepta Desain currently serves mainly as a support function for architectural projects. However, to fully capitalize on the opportunities within the interior design industry, the division needs to evolve into a more distinct and proactive business unit. This transition requires strategic formulation that aligns the interior design division's objectives with the overall business strategy of the firm. By strategically strengthening the interior design division, the architecture company can establish a stronger foothold in the interior design industry and unlock new avenues for growth and success.

Chronologically, the interior design division at Hepta Desain was initially formed as a supportive function for architectural projects. However, as the division developed, it garnered the satisfaction and trust of several clients who utilized Hepta Desain's consulting services. These clients, impressed by Hepta Desain's credibility, expressed a keen interest in having their interior design projects handled by the company.

This significant development led Hepta Desain to recognize the growing demand for interior design services and the potential for expansion within the interior design industry. In response, the company made a strategic decision to strengthen the interior division by introducing the role of an interior designer within its organizational structure. This move aimed to enhance the expertise and capabilities of the division, positioning Hepta Desain as a comprehensive provider of both architectural and interior design services. The creation of the interior designer position facilitated a more streamlined approach to interior design projects, resulting in a noteworthy shift in the company's project acquisition. The majority of interior design projects received by Hepta Desain now originate from its well-established client architecture network. This scenario highlights the strong interdependence between the architecture and interior design divisions, where satisfied clients seek to further benefit from Hepta Desain's comprehensive design services.

However, this situation, although initially favorable, proved not to remain so for long. As we are aware, the Covid-19 pandemic has affected Indonesia's economic state. Hepta Desain has witnessed a decline in revenue due to numerous ongoing projects being postponed during the pandemic. This situation was further exacerbated by the absence of requests for new projects during that time. These circumstances align with the findings of an Archify survey in Indonesia titled "Reactions of Architecture and Design Firms to the Covid-19 Situation." The survey taken in June 2020 included responses from professionals in the field of architecture and design, shedding light on the impact of Covid-19 on businesses.

The survey revealed that many architectural firms have been significantly impacted by the pandemic. This impact has primarily manifested as decreased demand, slowed project progress, long-term postponements, and even project cancellations. These effects have been particularly prominent in project typologies such as hotels, offices, and retail—typologies that align with Hepta Desain's project portfolio. On the other hand, there are certain project types, such as housing, health, and education, that have displayed stable or even increasing interest and demand. These project types are predicted to be essential needs with high demand, positioning them as potential opportunities for Hepta Desain. In light of these phenomena and findings, it becomes imperative for Hepta Desain to proactively leverage its available resources and expertise to capitalize on as many opportunities as possible, even during times of crisis. By strategically aligning its capabilities, hopefully Hepta Desain can diversify its portfolio and mitigate the negative effects of crises in the future.

In comparison with the potential of the Indonesian interior design industry, Hepta Desain's business strategic development to strengthen its interior design division aligns with broader market trends. The Indonesian interior design industry has experienced

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substantial growth, driven by increased awareness and appreciation for the transformative impact of interior design on built environments. With the growing emphasis on creating personalized, functional, and aesthetically pleasing spaces, there is significant potential that Hepta Desain can tap into.

By capitalizing on its established client network and leveraging the expertise gained from projects, Hepta Desain has the opportunity to expand its presence within the Indonesian interior design industry. The strategic formulation of a comprehensive business strategy will enable Hepta Desain to navigate the competitive landscape, differentiate itself from rivals, and seize the emerging opportunities that the interior design industry presents.

In addition, the author also has identified certain symptoms and gaps within their current business model that hinder their ability to fully capitalize on the interior design division. Hepta Desain primarily offers architectural design services, and their current portfolio lacks comprehensive interior design solutions. This limitation prevents them from fully meeting the evolving demands of clients who seek integrated design services. Lastly, Hepta Desain faces increasing competition from specialized interior design firms that solely focus on interior design projects. This competition poses a threat to their market share and the potential to attract new clients who specifically require interior design expertise.

RESEARCH METHODS

A. Basic Research Framework

The research design employed a qualitative approach to investigate the proposed business strategy for Hepta Desain's interior design division. It involved key participants, including senior management and architects/designers within Hepta Desain, who provided valuable insights into the current state of the division and its potential for expansion.



Figure 1. Research Framework

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B. Data Collection Method

The primary data in action research are derived from interviews with primary and key stakeholders (Stringer, 2007). In-depth semi-structured interviews were conducted with senior management and architects/designers to gather comprehensive and rich data. These interviews were designed to explore various aspects of the interior design division, including its operations, challenges, and growth opportunities. Participants were encouraged to share their perspectives, experiences, and insights, ensuring a deep understanding of the subject matter.

C. Data Analysis Method

The collected interview data will go through a process of enriching analysis to help with the formulation of the strategy. The goal of this analysis is to offer a method for conducting a comprehensive analysis that takes into account all elements that may have an effect on finding a workable solution to the problem under investigation. As a result, consideration will be given to the role that each key stakeholder plays as well as the extensive information that is contained in policy and program documents as well as secondary data from the research literature. (Stringer, 2007).

- 1. The data will be transcribed and organized for systematic analysis. The transcripts will be carefully reviewed to identify key themes and patterns related to the strengths, weaknesses, opportunities, and threats of the division (SWOT Analysis).
- 2. The identified themes and patterns will be analyzed in conjunction with the TOWS Matrix. The data will be mapped onto the matrix, enabling the identification of strategic factors and the exploration of potential strategic choices. This process will involve linking internal strengths and weaknesses with external opportunities and threats, leading to the generation of strategic options.
- 3. The data will be analyzed in the context of the IE Matrix, which focuses on evaluating the division's internal and external factors. The data will be assessed based on their impact on the division's competitive position and market attractiveness. This analysis will help in identifying the division's current position and potential strategic directions for growth and expansion.

Throughout the analysis process, an iterative approach will be taken to ensure a comprehensive exploration of the data and uncover hidden insights. Connections and relationships between different data points will be examined, and critical thinking will be applied to assess the feasibility and potential synergies of strategic options.

The enriching analysis will culminate in the formulation of strategic recommendations based on the findings. These recommendations will aim to leverage the division's strengths, address its weaknesses, capitalize on emerging opportunities, and mitigate potential threats.

RESULTS AND DISCUSSION

External analysis includes observations of the general environment using the PESTEL analysis tool, industry analysis using Porter's Five Forces and competitor analysis. The results are broken down into opportunities and threats generated by an external analysis of the data. The key factors will be obtained as a result of the external analysis. The results listed will be categorized into opportunity and threat that affect the firm and its industry.

Table 1. External Environment Analysis Key Factors Table

External Analysis	#	Key Factors	Opportunity/ Threat
General Environment	1	Supportive government initiatives for creative economy growth through programs of creative industry.	Opportunity
Analysis	2	Designers lack proper appreciation in the market	Threat

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	3	Favorable economic growth for business expansion	Opportunity
	4	Resilient consumer spending drives market potential	Opportunity
	5	Virtual platforms and services emergence	Opportunity
	6	Wellness solutions capitalize on mental health awareness	Opportunity
	7	Challenges in economic stability and inequality	Threat
	8	Government regulations and professional guidelines benefit interior designers	Opportunity
	9	Registering intellectual property rights safeguards designers' creative works	Opportunity
	10	Growing emphasis on sustainability creates innovative solutions	Opportunity
	11	Legal repercussions of illegal software	Threat
	12	Meeting energy consumption and sustainability goals presents industry challenges	Threat
Industry Analysis	13	Potential growth in the interior design industry	Opportunity
	14	Competitive pricing and variety through global suppliers	Opportunity
	15	Mitigating buyer bargaining power through exceptional service.	Opportunity
	16	Challenges for new entrants due to established competition	Threat
	17	Navigating high competition through differentiation and customer service	Threat
Competitor Analysis	18	Leadership in contemporary and sustainable design	Opportunity
	19	Establishing a prominent position in the industry	Threat

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Internal analysis includes observations of the general environment using the Resource-Based View (RBV) and value chain analysis. The results are broken down into strength and weakness generated by an internal analysis of the data. The key factors will be obtained as a result of the internal analysis. The results listed will be categorized into the strengths and weaknesses in the functional areas of the business. The key factors will be obtained as a result of the internal analysis. The results listed will be categorized into the strengths and weaknesses in the functional areas of the business.

Table 2. Internal Environment Analysis Key Factors Table

External Analysis	#	Key Factors	Strength/ Weakness
Resource Analysis	1	Borrowing ability and internal fund generation.	Strength
	2	Established reporting and supportive structures.	Strength
	3	Owned Grand HQ (Segara Ide)	Strength
	4	Non-current assets (Land)	Strength
	5	Signature knowledge, collaboration and innovation capability	Strength
	6	Reputational advantage	Strength
	7	Certified Architects and Interior Designers	Strength
	8	Limited transportation resources	Weakness
	9	Limited technological presence	Weakness
Value Chain Analysis	10	Strategic, specialized, and client-focused design approach	Strength
	11	Proficient operation	Strength
	12	Effective output activities	Strength
	13	Firm infrastructure: Financial stability, visionary leadership, creative organizational culture.	Strength
	14	Human resource management: leadership, multi-disciplinary team, external resource utilization, supportive environment	Strength

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15	Long-term client partnerships	Strength
16	Low technology developments	Weakness
17	Static Marketing and promotion	Weakness
18	Lack incentive system that recognizes and rewards exceptional work performance	Weakness
19	Human resources management: lack of guidance and counseling	Weakness

The study results in the firm's strengths, weaknesses, opportunities, and threats when the internal and external analyses are complete. The formulation of solutions in the form of business strategies will be based on these four components. The creation of a business plan seeks to evolve into a more distinct and proactive business unit, capitalize on the opportunities within the interior design industry, and strengthen the interior design division. SWOT Matrix and IE Matrix are used as a tool for creating business plans that will be put into practice in the future to help businesses establish the best business strategy.

There are alternative strategies are proposed through SWOT Matrix:

- Strategy S-O (Strength-Opportunities)
 - Independent Interior Design Division
 - Strategic Collaborations with Contractors
 - o Client Referral Program
 - o Diversification into Sustainable Design
 - o Innovation and Research
 - Strategic Pricing
- Strategy W-O (Weaknesses-Opportunities)
 - Strategic Alliances with Material Suppliers
 - Leveraging Technological Advancements
 - o Targeted Marketing Campaigns
 - o Specialization in Niche Markets
 - o Enhancing Online Presence and Digital Marketing
 - o Continuous Professional Development
- Strategy S-T (Strength-Threat)Strategy
 - Enhancing Brand Reputation
 - Differentiation through Design Expertise
 - o EnhancingTechnology and Design Tools
 - Enhancing Customer Service
 - Continuous Monitoring of Industry Trends
- W-T (Weaknesses-Threat)
 - Focus on Technology Integration
 - Expand Transportation Resources
 - Strengthen Marketing and PR Efforts
 - Streamline Procurement Processes

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After finding alternative strategies, The IE matrix incorporates scope of the strategy to formulate proposed business strategies. The Results of the EFE matrix is weighted equal to 2.31 this suggests are in the below average position of responding opportunities and threats in the industry, while the outcome of the IFE matrix weighted by 2.93 it is shown to be in a strong internal position. The results of the IE matrix is in quadrant V; it is within the scope of the strategy of Hold and Maintain, that consist of market penetration and product/ service development.

Table 3. The EFE Matrix for Hepta Desain

	Key External Factors	Weight	Rating	Weighted Score
	Opportunities			
1	Supportive government initiatives for creative economy growth through programs of the creative			
	industry.	0,03	4	0,12
2	Favorable economic growth for business expansion	0,04	2	0,08
3	Resilient consumer spending drives market potential	0.05	2	0,1
4	Virtual platforms and services emergence	0,05	2	0,1
5	Wellness solutions capitalize on mental health	0,03	2	0,1
6	awareness Government regulations and professional guidelines	0,04	1	0,04
	benefit interior designers	0,04	2	0,08
7	Registering intellectual property rights safeguards designers' creative works	0,03	1	0,03
8	Growing emphasis on sustainability creates	0,02	-	0,03
	innovative solutions	0,06	4	0,24
9	Potential growth in the interior design industry	0,05	1	0,05
10	Competitive pricing and variety through global suppliers	0,07	4	0,28
11	Mitigating buyer bargaining power through exceptional service.	0,09	4	0,36
12	Leadership in contemporary and sustainable design			
		0,07	3	0,21
	Threat			
13	Designers lack proper appreciation in the market			
		0,03	3	0,09
14	Challenges in economic stability and inequality	0,03	3	0,09
15	Legal repercussions of illegal software	0,10	1	0,1
16	Meeting energy consumption and sustainability goals presents industry challenges	0,03	3	0,09
17	Challenges for new entrants due to established competition	0,06	2	0,12
		3,00	-	~,· -

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18	Navigating high competition through differentiation and customer service	0,07	1	0,07
19	Establishing a prominent position in the industry	0,07	1	0,07
	Total			
	Total	1,00		2,31
4. The	e IFE Matrix for Hepta Desain Key Internal Factors	Weight	Rating	Weighted Score
	Strength			
1	Borrowing ability and internal fund generation.	0,08	4	0,32
2	Established reporting and supportive structures.	0,08	3	0,24
3	Owned Grand HQ (Segara Ide)	0,06	3	0,18
4	Non-current assets (Land)	0,03	3	0,09
5	Signature knowledge, collaboration and innovation capability	0,05	3	0,15
6	Reputational advantage	0,06	4	0,24
7	Certified Architects and Interior Designers	0,06	4	0,24
8	Strategic, specialized, and client-focused design approach	0,06	4	0,24
9	Proficient operation	0,04	3	0,12
10	Effective output activities	0,06	3	0,18
11	Firm infrastructure: Financial stability, visionary leadership, creative organizational culture.	0,05	4	0,2
12	Human resource management: leadership, multi- disciplinary team, external resource utilization, supportive environment	0,04	4	0,16
13	Long-term client partnerships Weakness	0,05	3	0,15
14	Limited transportation resources	0,05	2	0,1
15	Limited technological presence	0,08	1	0,08
16	Low technology developments	0,04	2	0,08
17	Static Marketing and promotion	0,06	1	0,06
18	Lack incentive system that recognizes and rewards exceptional work performance	0,04	2	0,08
19	Human resources management: lack of guidance and counseling	0,01	2	0,02
	Total	1,00		2,93

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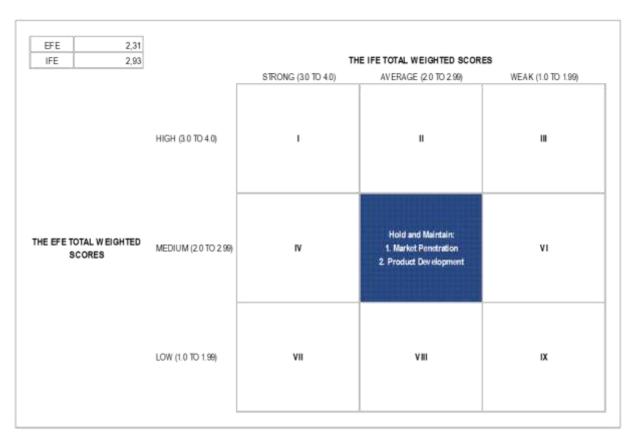


Figure 2. IE Matrix for Hepta Desain

The business strategies are proposed with the action which align with the formulated hold and maintain strategy scope:

- Market Penetration
 - Enhancing Brand Reputation (S6, S7, O3, O11)
 - Attract new client with capitalize on the firm's established brand name by highlighting positive reputation of past successful projects and
 - Leveraging the firm's positive reputation and strong client relationships to expand the client base
 - Strengthen Marketing and PR Efforts (W4, T5, T6)
 - Enhance the firm's online presence through search engine optimization (SEO) and content marketing
 - Actively participate in industry events, exhibitions, and design competitions
 - Targeted Marketing Campaigns (W4, O4, O5, O9)
 - Promote Hepta Desain's unique strengths and competitive advantages
 - Explore potential client's satisfaction in design consultancy services
 - Enhancing Customer Service (S5, S10, T5, T6)
 - Providing personalized attention
 - Delivering a seamless client experience to foster client loyalty and encourage repeat business
 - Client Referral Program (S6, S13, O10, O11)
 - Incentivize existing clients to refer potential new clients
 - Offer rewards or discounts for successful referrals
- Product/ Service Development
 - o Specialization into Niche Markets (W4, W2, O5, O12)

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- Identify untapped niche markets, such as healthcare or hospitality
- Develop specialized expertise in those areas
- Tailor design services to meet the unique requirements as a go-to firm for specialized interior design solutions
- Leveraging Technological Advancements (W2, W3, O4, O11)
 - Embrace technological advancements, such as virtual reality (VR) and augmented reality (AR) and 3D printing.
 - Invest in cutting-edge technologies that can streamline design .development, improve visualization, and accelerate project delivery, such as BIM, Unreal Engine, etc
- o Diversification into Sustainable Design (S5, S8, S11, O8, O12)
 - Expanding expertise in eco-friendly and energy-efficient designs
- o Focus on Technology Integration (W3, T3)
 - Investing in legal advanced design software, visualization tools, and 3D modeling capabilities
- Independent Interior Design Division (S2, S5, S6, S7, O3, O6,O9)
 - Restructuring the formal organization, designated the Interior design manager.
 - Develop a portfolio of past projects and case studies that showcase the division's capabilities and expertise

1) Discussion

Based on the analysis and findings, the following recommendations and practical implications can be made:

Strengthen marketing and PR activities: Enhance the company's online presence by optimizing the website and social media channels. Increase external exposure through CEO's public activities, corporate success stories, and participation in domestic and international design awards.

Invest in technology and innovation: Stay updated with the latest design technologies, such as VR and 3D-printing, and explore opportunities for active and specialized design business models. Continuously upgrade technology infrastructure to support efficient design processes.

Expand physical presence: Consider expanding operations to other strategic locations within the interior design industry to increase market reach and accessibility.

Develop partnerships: Strengthen collaboration with existing clients for joint development and brand promotion. Explore partnerships with external companies in similar and different fields to leverage resources and enhance design development.

CONCLUSION

This research was conducted to develop a business strategy for Hepta Desain, an architectural consultancy firm in Indonesia, to take the opportunity to gain more profit by capitalizing the interior design division. The firm itself needs to evolve into a more distinct and proactive business unit to fully capitalize on the opportunities within the interior design industry.

The analysis and interpretation of the findings have provided valuable insights into the internal and external factors affecting Hepta Desain in the interior design industry. The strengths, weaknesses, opportunities, and threats identified through the SWOT analysis have shed light on the company's current position and potential areas for improvement. The implementation of the TOWS Matrix and IE Matrix has further facilitated the formulation of effective business strategies.

The comprehensive examination of Hepta Desain's resources, capabilities, and market dynamics has highlighted its strong financial capacity, established organizational structure, physical assets, technological infrastructure, intangible resources, reputational advantage, and certification. These strengths position the company well for market penetration and product development strategies to capitalize on existing opportunities in the industry.

However, the analysis has also identified certain weaknesses and threats that need to be addressed. These include limited transportation resources, a need to enhance technological presence, limited physical presence in certain markets, and the need to strengthen service activities. By focusing on these areas and implementing appropriate strategies, Hepta Desain can mitigate risks and maximize its competitive advantage.

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Future research suggestions include conducting market research to identify emerging trends and consumer preferences, and exploring sustainable design practices

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