



Marketing Strategy for a Premium Service Office Provider in a Competitive Market in Jakarta. Case Study: The Executive Centre

Lay Richie¹, S Satya Aditya Wibowo², Ilma Aulia Zaim, Ph.D.³

^{1,2,3}School of Business Management, Bandung Institute of Technology, Indonesia

ABSTRACT: The rise of remote work, the gig economy, and the demand for flexible workspaces have significantly impacted the traditional office market, necessitating innovative marketing strategies. This study aims to explore the marketing strategy of premium serviced office providers, focusing on The Executive Centre in Jakarta's Central Business District (CBD). The research investigates key factors influencing business decisions and customer preferences, providing a comprehensive marketing analysis framework.

The study employs market segmentation, competitive analysis, and SWOT analysis to develop targeted marketing strategies. Key findings suggest that strategic location, transparent pricing, and flexible lease terms are critical in attracting and retaining clients. Recommendations include leveraging digital marketing, forming partnerships with property agents, and addressing the evolving needs of multinational companies and modern workers.

The study also examines the literature on marketing strategies, applying the most recent techniques used by various companies. By incorporating a robust theoretical framework, this research aims to provide insights and perspectives for building the most effective marketing plan. The goal is to enhance The Executive Centre's market positioning and contribute to meeting future challenges through strategic marketing activities.

KEYWORDS: Business Challenges, Customer Preferences, Digital Marketing, Flexible Workspaces, Marketing Strategy, Premium Serviced Office.

INTRODUCTION

The contemporary business landscape is experiencing a significant transformation, characterized by the rise of remote work, the gig economy, and a growing emphasis on flexibility and adaptability. Traditional office spaces are being challenged by the increasing demand for flexible workspaces, evident in the declining demand for conventional office space in Jakarta despite a slight increase in office building supply. This trend is influenced by the rise of remote work, the growth of the gig economy, cost-effectiveness considerations, and shifting employee preferences towards flexibility and work-life balance. While coworking spaces have emerged as a popular alternative, there remains a gap in the market for businesses seeking a more professional and structured work environment, which is where premium service office providers like The Executive Centre (TEC) come in. Established in 1994, TEC has been a pioneer in the flexible workspace industry, particularly in Asia, with its first service office in Hong Kong predating the widespread adoption of flexible offices. TEC's entry into Jakarta in 1997 marked a significant shift in the city's office space landscape, introducing a new way of working that prioritizes flexibility, convenience, and a premium experience. This research will delve into the strategies TEC needs to employ to secure and retain tenants in the highly competitive market for flexible workspace solutions. The analysis will explore marketing activities aimed at attracting new tenants and fostering loyalty among existing ones, ultimately driving occupancy rates and revenue growth. The central question this research seeks to answer is: How can The Executive Centre develop and implement a targeted marketing and tenant engagement strategy that drives occupancy rates, increases revenue growth, and solidifies its position as a preferred provider in the competitive flexible workspace market? The primary objective of this research is to assist The Executive Centre, particularly in Jakarta, in developing a marketing implementation plan to make TEC's private office offerings the most favorable option for potential customers. This will be achieved by analyzing internal and external company data, focusing on optimizing activities at every touchpoint of the customer journey, with a particular emphasis on property agents and direct customers. Additionally, the research will explore the creation of impactful marketing communication strategies.

LITERATURE REVIEW

To understand the impactful marketing strategy, several existing theories are used to generate the best formulation. Firstly, a strategic step in marketing a product is for the company to choose the right segment from several characteristics of the target audience that fit with the product and services. The STP (Segmentation, Targeting, Positioning) framework is a strategic approach in marketing that helps companies effectively identify and reach their desired customer base. It involves dividing the market into distinct groups based on shared characteristics (segmentation), selecting the most promising segments to focus on (targeting), and creating a unique brand image and value proposition that resonates with the chosen target audience (positioning). By employing STP, companies can tailor their marketing efforts to specific customer needs and preferences, increasing the chances of attracting and retaining loyal customers. In addition, the 7Ps marketing mix is a comprehensive framework that encompasses product, price, place, promotion, people, process, and physical evidence. Each of these elements plays a crucial role in shaping the overall customer experience and influencing purchasing decisions. A well-designed marketing mix ensures that the product or service meets customer needs, is priced appropriately, is available through convenient channels, is promoted effectively, and is delivered by competent staff in a well-designed environment. By strategically aligning these elements, businesses can create a cohesive and compelling marketing strategy that resonates with their target audience and drives business success.



Figure 1. The Seven Ps of the Marketing Mix

PESTEL analysis is a framework used to examine external macro-environmental factors—political, economic, social, technological, environmental, and legal—that can influence a company's marketing strategy. Businesses can identify potential opportunities and threats by analyzing these factors, enabling them to make informed decisions and adapt their strategies accordingly. In the context of serviced offices, PESTEL analysis can help providers understand how government policies, economic conditions, social trends, technological advancements, environmental concerns, and legal regulations might impact their business operations and marketing approaches. The VRIO framework is a strategic management tool used to evaluate a company's internal resources and capabilities to determine its potential for creating a sustainable competitive advantage. VRIO stands for Value, Rarity, Imitability, and Organization. Valuable resources enable a company to offer superior products or services. Rare resources are those not possessed by many competitors. Inimitable resources are difficult or costly for competitors to copy, and the organization must be structured to utilize these resources effectively. Porter's Five Forces is a framework for analyzing the competitive forces within an industry. It assesses the threat of new entrants, the bargaining power of suppliers, the bargaining power of buyers, the threat of substitute products or services, and the intensity of competitive rivalry. Competitor analysis is essential for understanding the competitive landscape and identifying potential areas of differentiation. It involves gathering information about competitors' products, services, pricing, marketing strategies, and target markets. Customer analysis involves understanding target customers' needs, preferences, and



behaviors. It includes gathering demographic information, psychographic profiles, and purchasing patterns. By understanding their customers, businesses can tailor their products, services, and marketing messages to meet specific needs and preferences.

METHODOLOGY

This research will employ a qualitative methodology to gain insights into the customer journey and behavior, aiming to enhance the customer experience when choosing a service office from The Executive Centre. The research design will follow a consumer research framework, encompassing various stages of the customer journey. Data collection will involve in-depth interviews with internal employees, direct customers, property agents, and building management representatives to gather diverse perspectives on the decision-making process, preferences, and reasoning behind the use of the service or product. These interviews will utilize open-ended questions to encourage detailed responses and capture the nuances of customer experiences. In addition to primary data collection, secondary data from desk research, such as journals, news articles, corporate websites, and relevant publications, will be used to validate findings and enrich the research results. The primary goal of this research is to identify the company's strengths and weaknesses and determine whether improving the current state of issues is necessary. To achieve this, the researcher will employ various methodologies, including the 7P marketing mix, STP (Segmenting, Targeting, Positioning), and VRIO (Valuable, Rare, Inimitable, Organized) frameworks. Additionally, PESTEL (Political, Economic, Social, Technological, Environmental, and Legal) analysis and Porter's Five Forces will be utilized to analyze external threats and opportunities, including those posed by primary competitors. Following the research, a formulation for the business solution will be developed to address the identified problems. This solution will encompass integrated marketing communication, the composition of the marketing mix, and a loyalty program tailored to each stage of the customer journey purchase behavior. The final step will involve providing recommendations and a strategy execution plan that aligns with the current challenges in the flexible office industry.

RESULT & DISCUSSION

I. Internal Analysis

I. STP (Segmenting, Targeting, Positioning)

The Executive Centre (TEC) primarily targets established multinational corporations (MNCs) and successful local companies that prioritize a prestigious business address and professional work environment. These companies typically exhibit stable financial conditions and seek flexible workspace solutions, including private offices, co-working spaces, or virtual office options, often with shorter contract terms than traditional office leases. The target customers are professionals and companies seeking a workspace solution that supports their core business and simplifies their work, valuing high-quality services and products. TEC positions itself as a premium provider of flexible workspace solutions and business support services, emphasizing high-end facilities, a professional environment, a prestigious address, flexibility, and a range of business support services.

II. Marketing Mix (7Ps)

TEC offers three main products: private offices, co-working spaces, and meeting/event spaces. While recognized for providing the best workspace environment, there are suggestions for improvement, such as expanding co-working spaces and adding larger function halls for events. Pricing is considered premium and transparent, but there's a demand for more flexible options like monthly contracts. TEC's locations are strategically placed in prime areas, but some clients prefer newer buildings. The company primarily relies on its website and Instagram for online presence and partners with agents for offline promotion, but there's a need for enhanced digital marketing and a functional virtual tour feature. TEC's staff is highly regarded for their professionalism and responsiveness, but additional initiatives like community events and consultancy services could further enhance customer service. The onboarding process is efficient, but payment methods could be diversified. The physical evidence, including office design and amenities, is generally positive, contributing to a premium brand image, although older centers may need updates.

III. VRIO Analysis

TEC's VRIO analysis reveals several strengths and areas for improvement. Its reputable corporate image, diverse brand portfolio, high-quality products and services, good service quality, and strong supply chain are valuable assets. However, some of these are not rare or difficult to imitate, leading to competitive parity in certain areas. The company's rare and inimitable resources include its strategic partnerships and accumulated knowledge and expertise in managing premium serviced offices. To maintain a competitive



advantage, TEC should focus on leveraging these unique resources through effective organizational capabilities, such as targeted marketing, efficient operations, and data-driven decision-making.

2. External Analysis

IV. PESTEL

The external environment presents both opportunities and challenges for TEC. The upcoming 2024 Indonesian presidential election and potential policy changes create uncertainty, but TEC can mitigate this by emphasizing the flexibility of its workspace options. The Indonesian economy is projected to grow, driven by private consumption and foreign direct investment, offering opportunities for TEC to attract new clients. However, the oversupply of office space in Jakarta's CBD poses a challenge, requiring TEC to differentiate itself through premium locations, high-quality amenities, and a vibrant work community. Demographic trends, such as the growing preference for flexible work arrangements and increasing urbanization, present opportunities for TEC to expand its offerings and reach new markets. Technological advancements can be leveraged to enhance service offerings and operational efficiency, while environmental consciousness among businesses creates a demand for sustainable office solutions. TEC must also ensure compliance with local regulations related to property leasing and labor laws to maintain its reputation and avoid legal complications.

V. Porter's Five Forces

Porter's Five Forces analysis reveals a high threat of new entrants due to reasonable startup costs and supportive government policies. To address this, TEC needs to invest in marketing and brand awareness, emphasizing its unique features. The power of suppliers is low, allowing TEC to maintain cost-effective operations. However, buyers have high bargaining power due to the availability of alternative options, necessitating a focus on exceptional customer service and unique offerings to build client loyalty. The threat of substitutes is low, as traditional office spaces are less flexible and more expensive. TEC can further address this by offering virtual office solutions and hybrid work models. Rivalry among competitors is high, requiring differentiation through unique services, targeted niche markets, and superior customer service.

VI. Competitor Analysis

TEC faces competition from established players like Regus and CEO Suite, as well as newer entrants like Marquee. Regus offers a wider range of workspace solutions globally, while CEO Suite focuses on private offices with high customization. Marquee targets creative and tech startups with trendy, collaborative workspaces. TEC needs to differentiate itself by highlighting its premium offerings, strategic locations, and strong brand reputation to remain competitive in this crowded market.

VII. Customer Analysis

reveals that TEC's primary customers are professionals aged 25-50, primarily located in major urban centers like Jakarta's CBD. They are high-income earners seeking flexible lease terms, premium amenities, and a professional environment. These customers value convenience, flexibility, and high standards in their work environment. They are often environmentally conscious and prioritize work-life balance. Flexibility is crucial for them to adapt to changing business needs, and they value a sense of community and networking opportunities within their workspace. A significant pain point is the oversupply of office space in Jakarta, making it essential for TEC to differentiate itself with superior services and amenities.

3. SWOT Analysis

Based on the previously conducted research, the researcher can analyze and conclude the strengths and weaknesses of The Executive Centre using the internal analysis including the STP, marketing mix aspect, and VRIO analysis. Researcher also conducted an external analysis including PESTEL analysis, Porter's five forces competitor analysis, and customer analysis to have a comprehensive aspect of potential opportunities and threats, the following is a SWOT analysis of The Executive Centre.

- **Strengths:** TEC leverages prime locations in major business districts, offering prestigious addresses and comprehensive workspace solutions. Their state-of-the-art infrastructure, advanced technology, and commitment to personalized services cater to diverse client needs. A robust network and engaging community events cultivate professional connections and enhance the overall member experience.
- **Weaknesses:** The premium pricing model may pose a challenge for budget-conscious clients, including startups and small businesses. Limited brand recognition compared to established global competitors may hinder market penetration.



Dependence on corporate clients and limited short-term lease options introduce vulnerabilities in a dynamic market. Managing high operational costs while maintaining premium service levels requires strategic financial management.

- **Opportunities:** The escalating demand for flexible and coworking spaces, particularly among startups and SMEs, presents substantial growth potential. Expanding into secondary cities and forging strategic partnerships with local businesses and multinational corporations can broaden TEC's market reach. Embracing technological advancements can enhance service offerings and optimize operational efficiency.
- **Threats:** Intense competition within Jakarta's serviced office market necessitates continuous innovation and differentiation to sustain market position. Economic fluctuations and evolving government regulations may impact business operations. The growing prevalence of remote work necessitates adapting service offerings to align with changing workplace dynamics. Rising operational costs require vigilant cost management strategies to ensure sustained profitability.

BUSINESS SOLUTION

I. 7P MARKETING MIX ANALYSIS

Product: TEC will prioritize continuous service offering enhancements, integrating technology-driven solutions like virtual office services and advanced video conferencing tools to cater to evolving market needs. To attract startups and SMEs, TEC will introduce a diversified portfolio of flexible leasing options, including short-term and project-based leases.

Price: TEC will conduct a comprehensive market analysis to establish competitive pricing strategies, potentially involving tiered pricing models for different business sizes and budgets. The company will emphasize its value proposition, highlighting the benefits of premium locations, high-quality infrastructure, and personalized services to justify premium pricing.

Place: While maintaining a strong presence in Jakarta's CBD, TEC will explore strategic expansion opportunities in secondary cities with rising demand for premium office space. All locations will be easily accessible by public transportation and situated in prime business districts with convenient client amenities.

Promotion: TEC will develop targeted marketing campaigns tailored to specific audiences, including startups, SMEs, and multinational corporations, effectively communicating its unique benefits and value proposition. Strategic partnerships with business incubators, accelerators, and professional networks will expand the client base and enhance brand visibility.

People: TEC will prioritize staff development through comprehensive training programs to enhance customer service skills and ensure a consistently high-quality client experience. A robust CRM system will be implemented to manage and improve client relationships, enabling personalized communication and anticipating client needs.

Process: TEC will leverage technology to optimize operational processes, improving space management and client services through automation and user-friendly online booking systems. A client feedback mechanism will be established to continuously improve service offerings and address concerns.

Physical Evidence: All TEC locations will be maintained to the highest standards, ensuring they are modern, well-maintained, and aesthetically pleasing. Consistent branding across all locations, both online and offline, will reinforce the company's premium image and ensure a unified client experience.

II. VRIO Framework Analysis

Valuable: TEC will continue investing in high-quality infrastructure and technology to provide unmatched service quality and leverage its prime locations as a key selling point.

Rare: TEC will differentiate itself by hosting exclusive networking events and community-building activities for its clients, fostering a sense of belonging and strengthening client relationships.

Inimitable: TEC will maintain its focus on delivering personalized service and capitalize on its established reputation and premium brand image.

Organized: TEC will ensure efficient organizational processes and implement strategic management practices to align resources and capabilities with business goals.



CONCLUSION

The research findings provide a comprehensive perspective on the current competitiveness in the premium office space industry, as well as The Executive Centre's (TEC) strengths, weaknesses, opportunities, and threats. TEC's key advantage lies in its high-quality infrastructure, premium locations, and personalized service offerings. However, there is a significant competitive threat from new entrants utilizing aggressive pricing strategies to attract startups and SMEs, highlighting the need for TEC to maintain its value-based positioning. To address these challenges, TEC must update its Segmentation, Targeting, and Positioning (STP) strategy to better cater to a diverse client base, including multinational corporations, local businesses, and emerging startups. Additionally, the company should enhance its digital marketing efforts and social media presence to improve brand visibility and client engagement, particularly on platforms such as LinkedIn and Instagram.

Based on the comprehensive analysis, the following recommendations are formulated to ensure TEC's long-term success in Indonesia: Market Diversification by expanding to emerging business districts, introducing a range of flexible leasing models to attract startups and SMEs, leveraging technological advancements to enhance service offerings and operational efficiency, prioritizing a client-centric approach by actively collecting and responding to client feedback, offering personalized services, and providing exceptional customer support, and establishing strategic partnerships with local businesses, multinational corporations, and business incubators to expand their client base and access new leads. By implementing these recommendations and continuously monitoring key performance indicators, The Executive Centre can solidify its position as a leader in the evolving Indonesian flexible workspace market.

REFERENCES

1. Kotler, P., Armstrong, G. (2018). Principles of Marketing 17th ed. Pearson
2. Rothaermel, Frank P. (2018). Strategic Management 5th ed. Mc Graw Hill Education:
3. Creswell, J. W., & Creswell, J. D. (2023). Research Design: Qualitative, Quantitative, and Mixed Methods Approaches (6th ed.).
4. Creswell, J.W. and Miller, D.L. (2000) Determining Validity in Qualitative Inquiry.
5. Keller, K. L. (2013). Strategic Brand Management: Building Measuring, and Managing Brand Equity, Global Edition (4th ed.). Pearson Education.
6. Leads Property Market Insight Q4 2023
7. Cushman & Wakefield Southeast Asia Outlook 2024
8. InstantOffice Q1 2024 APAC State of the Flexible Workspace Market
9. <https://executivecentre.com/>
10. <https://www.instantoffices.com/blog/featured/benefits-serviced-offices/>
11. <https://bisnisindonesia.id/article/optimisme-tec-ekspansi-bisnis-perkantoran-di-tengah-oversupply>
12. <https://cنالuxury.channelnewsasia.com/people/executive-centre-singapore-210586>
13. <https://www.bbc.com/worklife/article/20240513-corporate-real-estate-is-on-a-cliff-edge-as-firms-race-to-rethink-communal-spaces>
14. <https://investor.id/business/364506/tren-sewa-kantor-ramah-lingkungan-hendra-hartono-multinasional-mendominasi>

Cite this Article: Lay Richie, S Satya Aditya Wibowo, Ilma Aulia Zaim, Ph.D. (2024). Marketing Strategy for a Premium Service Office Provider in a Competitive Market in Jakarta. Case Study: The Executive Centre. International Journal of Current Science Research and Review, 7(7), 4695-4700