Interior design marketing strategy using SWOT analysis

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ABSTRACT

The Covid pandemic has been successfully overcome. Estimates of the weak world economy have also been predicted. However, it is noted that the need for housing continues to increase. Along with the increasing need for residential homes, interior design services also increased. This increase is because people need a comfortable place to live. Especially with the house offering a limited area, a compact interior design is needed. Therefore, the offer of interior design services is increasingly widespread. Warna Dipa, as one of the interior service providers, requires a marketing strategy for the company to compete with its competitors. This study aimed to obtain a marketing strategy for Warna Dipa using a SWOT analysis. This study performed direct observation on the ground and interviews with the management of Warna Dipa to collect the data. The data was collected from internal and external factors of the company. The results show tactical and development strategies for Warna Dipa. Tactical strategies include using social media to expand marketing reach, collaborate with furniture providers, and increase product prototypes.

1. Introduction

Companies facing market competition need a marketing strategy. Winning the competition is not only about winning sales figures but also winning the product image in the eyes of consumers. Therefore, companies must determine marketing strategies to impact brand awareness and sales [1]. It applies to every commercial company—both manufacturing and service companies. Determination of marketing strategies is also necessary for companies just emerging in the market, especially if it appears in a market dominated by established business players. "Knowing yourself well" is one way to determine a marketing strategy.

The Covid pandemic, which requires people to stay at home, has resulted in high public interest in interior design to overcome boredom in the house. After the end of the pandemic, people’s desire to use professional interior design services has increased, which is a good business opportunity [2]. The Ministry of Creative Economy performance report in 2021 shows the growth of sector 2, specifically "Culinary Marketing, Crafts, Architecture, Product Design, and Interior Design," which is the field with the highest percentage of realization. The graph can be seen in Fig. 1. Sector 1 is Film Marketing, Animation & Video, Applications, Publishing, Photography, Television, Radio, and Visual Communication Design. Sector 3 is Music Marketing, Fashion, Games, Fine Arts and Performing Arts.

In addition to the growth of residential houses, there are many constructions of the new government and private buildings [3]. In the last five years, we can see more and more restaurants and cafes that offer food and the atmosphere. In the end, there was also an increase in demand for the interior design sector. Interior design service providers are also increasing so that people have many choices of providers.

Warna Dipa, as one of the interior design service providers in the Banten area, requires a marketing strategy to compete with competitors. Currently, the company’s market is within reach of two cities, particularly Serang and Cilegon. The company currently accepts many home interior design orders. However, at this time, the company also began receiving many orders from restaurants or cafes. The company also wants to increase marketing in other cities in the Banten area. Companies need tactical strategies that can be achieved in the short term. Companies also need a development strategy that can be achieved in the long term.

Marketing is an overall system of business activities aimed at planning, finding prices, promoting, and distributing goods and services that can satisfy the needs of existing and potential buyers [5]. However, marketing is not just a business function but involves dealing with customers, understanding and creating communication, and providing customer value and satisfaction.

Figure 1. Performance of 3 sectors of the Bekraf ministry in 2021 [4]
Internal factors - ▶ Strengths
External factors ↓ Weaknesses
Opportunities

Figure 2. The SWOT matrix

According to Tjiptono [6], a company can survive or progress among competitors is to create a marketing strategy that can encourage market share strengthening to meet market demand and achieve company goals. A marketing strategy is a plan that describes the impact of marketing programs on product demand in certain target markets [6]. To be able to achieve these long-term goals, companies are required to be able to formulate the right marketing strategy for their company. Therefore, marketing strategy is very important in the company's success. In addition, the company's strategy must be applied by reviewing market developments and the market environment. Companies that use a market approach can satisfy the same customer needs so that they can create quality products or services, able to provide full service that can satisfy consumers and can win the competition [7,8,9].

Strength, Weakness, Opportunities, and Threat (SWOT) analysis is one of the tools used to formulate a marketing strategy. SWOT is an analytical tool to identify strengths, weaknesses, opportunities, and threats. Strengths and weaknesses are internal factors of the company that can contain a self-description of its strengths and weaknesses. At the same time, opportunities and threats explain the company's external relationship to its environment. Previous researchers [10], [11], [12], [13], [14], [15], and [16] use SWOT analysis to design marketing strategies for various companies, both large companies, and SMEs. From the description above, this research aims to design a marketing strategy through SWOT analysis. The researcher will start by formulating the company's internal and external factors. Then, the marketing strategy will be obtained from a combination of these two factors.

2. Materials and method

2.1. Data collection

The data used in this study is primary data derived from observations and interviews with the management of Warna Dipa. Secondary data were obtained from literature and literature studies.

2.2. Internal and external factors

Internal factors consist of strengths and weaknesses within the company. In this case, the researcher explores the strengths and weaknesses of Warna Dipa as one of the interior design service providers. Internal factors demonstrate functional management: marketing, finance, operations, human resources, research and development, management information systems, and corporate culture [17]. External factors consist of opportunities and threats in the environment outside the company. External factors manifest the industrial and macro business environment, economy, politics, law, technology, population, and socio-culture [17].

2.3. Strategy determination

A SWOT matrix is a tool used in compiling the organization’s strategic factors. This matrix clearly illustrates how the internal opportunities and threats can be adjusted to their internal strengths and weaknesses. The SWOT matrix can generate four sets of possible strategic alternatives. First, a marketing strategy was obtained from internal and external factors [18]. Strategies were obtained from S-O (strengths and opportunities), S-T (strengths and threats), W-O (weaknesses and opportunities), and W-T (weaknesses and threats). Fig. 2 describes the compilation of strategic factors.

3. Results and discussion

3.1. Results

The following are internal and external factors obtained from observations and interviews with the management of Warna Dipa. Internal factors consist of strengths and weaknesses. External factors consist of opportunities and threats.

Strengths
S1-high quality products and affordable prices
S2-competent product designer
S3-good relationship with customers

Weaknesses
W1-do does not have a showroom
W2-only has few prototypes
W3-lack of promotional media

Opportunities
O1-many choices of promotional media
O2-growth of residential houses and cafes

Threats
T1-lots of interior design pictures on the internet
T2-compete with existing interior design companies
T3-lack of cooperation with furniture providers

Furthermore, the four internal and internal factors above are combined in a matrix. The result of this matrix is a marketing strategy that Warna Dipa can use. The first combination combines strength and opportunity, whereas the second combines strength and threat. Meanwhile, the third combination is a combination of weaknesses and opportunities. Finally, the fourth combination is a combination of weaknesses and threats. Each combination’s result is a strategy the company can use for marketing. Warna Dipa is currently the result of a combination of internal and external factors during its plans to expand its customer reach. Currently, Warna Dipa only serves customers in Serang and Cilegon. They plan to reach other cities in Banten Province, such as Tangerang, Pandeglang, Rangkasbitung, and other cities.

3.2. Discussions

Self-evaluation is needed to create a marketing strategy. Self-evaluation in question is that the company must know the internal and external conditions. Internal and external conditions can be done with a SWOT analysis. The outputs of this SWOT analysis are strategies from a combination of SO, ST, WO, and WT.
The strength of Warna Dipa is a product of good quality at an affordable price designed by a competent designer. So far, customers are satisfied. One form of customer satisfaction is that customers voluntarily give recommendations to other potential customers. For projects that Warna Dipa is currently running, apart from interior design in residential homes, there is also a demand for interior design for cafes and restaurants. In addition, Warna Dipa also does interior design work for offices. However, it is still limited to the scope of only two cities, particularly Serang and Cilegon.

The weakness of Warna Dipa is that it only has a simple product showroom. Currently, many of Warna Dipa’s products are in the form of printed documentation. Warna Dipa still uses the old way, especially in making interior design photos, starting from pictures to simple designs. The photos are documented by printing and laminating, then binding with spiral iron. Prospective customers interested in ordering interior designs from Warna Dipa find it difficult to see examples of designs that Warna Dipa has done. Customers can find out about various interior designs, must contact Warna Dipa by telephone, and can arrange a face-to-face meeting with Warna Dipa at the promised place. Currently, things like this are a drawback for Warna Dipa.

Besides that, presently, the company has very few prototypes to show off. A need for prototypes is an example of interior design models with various themes. Currently, Warna Dipa only has a few themes for prototypes, such as minimalist themes and modern themes, because they are the most in demand. To expand the market, it would be better if other themes were carried out as prototypes. Another area for improvement of Warna Dipa is the need for more promotional media. So far, Warna Dipa has only been known by word of mouth. As explained above, customers contact Warna Dipa by telephone and set an appointment to discuss at the agreed time and place. A lack of understanding of promotional media makes this company a little behind its competitors.

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In running his business, Warna Dipa has the opportunity to grow. In interior design marketing, the availability of various promotional media is a good opportunity. Current customers know that Warna Dipa’s work is obtained from direct recommendations or word of mouth. In this internet era, the opportunity to be known by more people is getting bigger. What Warna Dipa is currently doing as promotional media is printing brochures and business cards. Another opportunity that Warna Dipa has is the increasing housing growth and the need for interior design. In addition, there are now more and more new restaurants and cafes in Banten province. Some customers also come from office interior designs from both government and private agencies.

On the threat side, the emergence of free interior design images on the internet is increasingly widespread. It is a positive thing, but it will be a threat if the customer no longer needs the services of an interior designer. In addition, if Warna Dipa expands the market to the city of Tangerang, they need a good strategy. Because in Tangerang itself, there are already many competitors in this field. Moreover, geographically, Tangerang is close to Jakarta. So, if Warna Dipa wants to enter the Tangerang market, it must be ready to compete with similar companies in Jakarta. Another threat to Warna Dipa is that they need more cooperation with furniture providers. If Warna Dipa wants market expansion, cooperation with furniture providers must be further enhanced because more and more interior design themes will be offered.

The SO strategy is based on the organization’s thinking, specifically by utilizing all strengths to seize and take advantage of opportunities as much as possible [19]. The SO strategy uses the company’s internal strengths to take advantage of external opportunities [20], whereas the ST strategy uses the organization’s strengths to overcome threats [19]. The ST strategy uses the company’s internal strengths to avoid or reduce the impact of external threats. The WO strategy utilizes existing opportunities by minimizing existing weaknesses [19]. The WO strategy is to improve internal weaknesses by taking advantage of external opportunities. The WT strategy is based on defensive activities that seek to minimize weaknesses and avoid threats [19]. The WT strategy aims to reduce internal weaknesses by avoiding external threats.

From the four descriptions of internal and external factors, the SWOT matrix in Table 1 produces ten marketing strategies for Warna Dipa. Three of them are development strategies, which are SO2, WT2, and WT3. A strategy is called a development strategy if the organization intentionally designs a strategy that wants to increase the status, capacity, and resources, ultimately creating a new, different organizational posture in the future.

SO2 (improving customer relationships through CRM) requires a complex infrastructure regarding human resources and technology [21]. Implementing CRM in a business requires two supports. The main supporter of CRM is the customer himself. Studying customers is a challenging thing. A company must study the customer value chain, which consists of;

<table>
<thead>
<tr>
<th>Strengths</th>
<th>Weakness</th>
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<tbody>
<tr>
<td>SO1-utilizing various media as a promotional event, especially social media.</td>
<td>WO1-use social media or website as a place to showcase products.</td>
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<tr>
<td>SO2-improve customer relationships through customer relationship management (CRM)</td>
<td>WO2- make more prototypes and display them in promotional media.</td>
</tr>
<tr>
<td>ST1- provide special programs for customers who come with interior designs from the internet</td>
<td>WT1-hiring generation Z to connect to the various promotional media</td>
</tr>
<tr>
<td>ST2- cooperate with more furniture providers</td>
<td>WT2-displayed as partners on the websites of cooperating parties</td>
</tr>
<tr>
<td>ST3- collaborate with other interior design providers</td>
<td>WT3-prototypes to be featured on the websites and social media of the collaborating parties</td>
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Table 1. SWOT matrix of Warna Dipa
customer portfolio analysis, customer intimacy, network development, value proposition development, and relationship management [22]. In addition to the customer side, the customer value chain must also be supported by organizational culture and leadership, human resource management processes, and data management processes [22].

WT2 (displayed as partners on the websites of cooperating parties) and WT3 (prototypes to be featured on the websites and social media of the collaborating parties) will be realized if Warna Dipa cooperates well with partners. Winning the competition becomes a business achievement. However, collaborating is a step beyond the competition [23]. With so many similar businesses in other cities, for example, in Tangerang, Warna Dipa should collaborate with companies engaged in other interior design services. Good cooperation allows the Tangerang market to know Warna Dipa. Warna Dipa must also dare to highlight differences so that they can complement the other party. The target is that at least Warna Dipa’s name can be listed on the partner’s website, especially since the prototype made by Warna Dipa can be a feature on the partner’s website or social media.

Tactical strategies that can be realized in the short term are in addition to the three strategies above. Tactical strategy is used when a business must solve a problem quickly. Because the steps are simpler and more concise, the output can be seen without taking too long. In addition, control can also be done immediately.

Of the ten strategies above, the most likely to be implemented immediately is to recruit Generation Z because Generation Z is already familiar with the internet, especially websites and social media (WT1). What requirements must be met in recruiting employees requires special study. Another possible strategy to do shortly is the WO2 strategy (make more prototypes and display them in promotional media). The analysis is in line with research by [24]. To get a prototype, the design made by Warna Dipa had to be more varied. The project that Warna Dipa has completed must be immediately documented from the design stage to the finished product so that it can be used as a portfolio and later be exhibited on social media. Warna Dipa can also make official websites and official social media accounts soon (W01 - use social media or website as a place to showcase products). However, selecting which strategic priorities need to be prioritized requires further study.

3.3. Managerial implications

This research is preliminary. Companies should know themselves well internally and externally from the marketing strategy obtained from the combination of internal and external factors. The next research can discuss how to choose a priority strategy. For which priorities can be implemented requires further study.

4. Conclusions

Warna Dipa wants to have a marketing strategy to be able to compete with competitors. With SWOT analysis, obtained ten strategies. Three of them are developing strategies that can be realized in the long term because they require adequate resources. The remaining seven tactical strategies can be carried out in the short term, such as using social media to expand marketing reach, expand collaboration with furniture providers, and increase product prototypes. This research can still be developed by using one of the decision-making methods to choose a priority tactical strategy.

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