



**INDUSTRY ANALYSIS OF INTERIOR DESIGN  
SERVICE FOR NEW INDEPENDENT  
FIRM IN THAILAND**

**BY**

**MR. NAEWNAY SATUMTIRA**

**AN INDEPENDENT STUDY SUBMITTED IN PARTIAL  
FULFILLMENT OF  
THE REQUIREMENTS FOR THE DEGREE OF  
MASTER OF SCIENCE PROGRAM IN MARKETING  
(INTERNATIONAL PROGRAM)  
FACULTY OF COMMERCE AND ACCOUNTANCY  
THAMMASAT UNIVERSITY  
ACADEMIC YEAR 2015  
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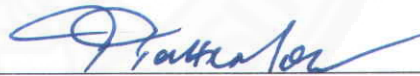
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INDUSTRY ANALYSIS OF INTERIOR DESIGN SERVICE FOR NEW  
INDEPENDENT FIRM IN THAILAND

was approved as partial fulfillment of the requirements for  
the degree of Master of Science Program in Marketing (International Program)

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Chairman



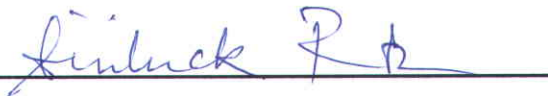
(Professor Paul G. Patterson, Ph.D.)

Member and Advisor



(Professor K. Douglas Hoffman, Ph.D.)

Dean



(Professor Siriluck Rotchanakitumnuai, Ph.D.)

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## **ABSTRACT**

This study is an industry analysis in an area of international business focuses on interior design service in Thailand. The background of this study came from my personal interest as an owner of an independent interior design company, I aim to develop business strategy for an evolving market of the AEC.

The first main objective of this study is to analyze the industry of interior design service. Second is to analyze 2 key competitors by using my own company; MOM studio as a model to study. Third is to understand the purchasing factor of B2B consumer. The last is identifying its appropriate marketing strategies for independent interior design company in Thailand.

The exploratory research is divided into 2 parts. First is a secondary research that determines to study the overview of the industry. Second is an in-depth interview with B2B customers in order to understand not only their behavior and attitude, but also the set of criteria for choosing interior designer. The data collecting process of in-depth interview was collected through telephone interview and face-to-face interview. The data analysis process for competitor analysis will be conducted through Porter's Five Forces Framework and KOTLER's Analyzing Competitor Framework.

One of the major goals of this study is to help any business owner or interior designer to understand this industry better and be able to create marketing strategies to compete in current market situation. Finally, the outcome of the research will yield benefits in developing the unique character of Thai interior design together with Thai service which are very important to this country especially in the present situation when art and culture becomes a valuable asset of service industry.

**Keyword:** Industry analysis, service, interior design company, independent firm, success factors, Thailand service, design, customer segment



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Lastly, I owe my deepest gratitude to my family and M28 friends for their support and suggestions in every way.

Mr. Naewnay Satumtira



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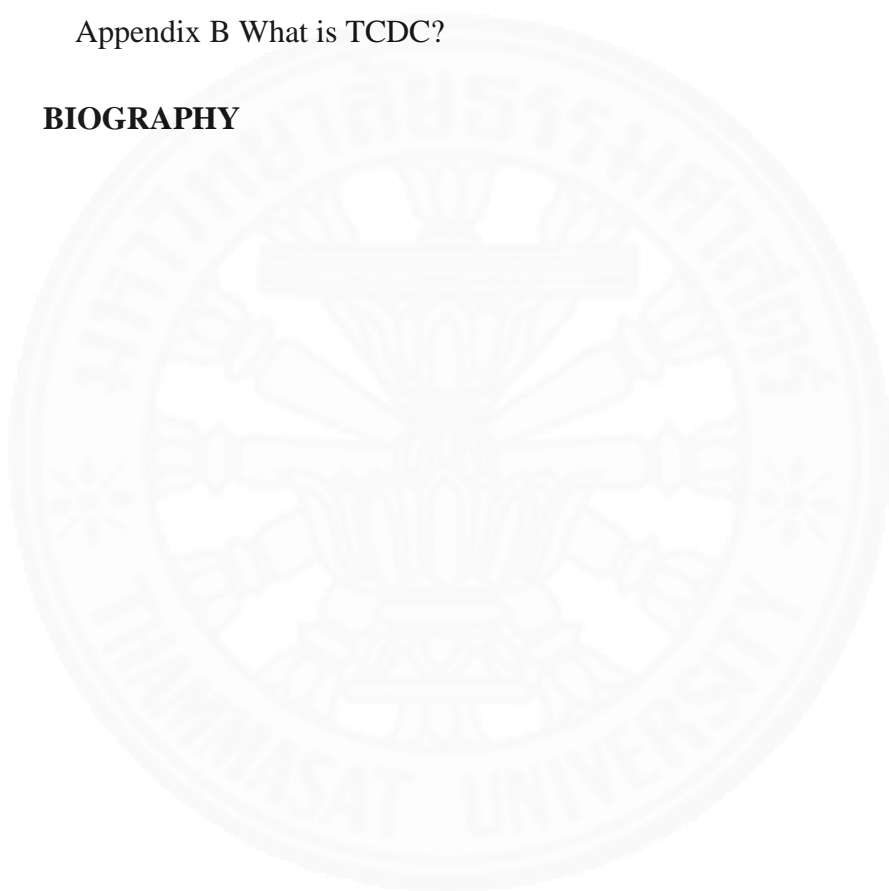
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## **CHAPTER 1**

### **INTRODUCTION**

#### **1.1 IMPORTANCE OF TOPIC**

Interior Design Service plays an important role in many industries: Real-estate, Hospitality, Luxury goods and Retail; as physical evidence is one of the key factors in the successful business. In the past 10 years, Interior Design business in Thailand was ruled by only few companies. Now the landscape of the competition has been changed. Due to the working behavior and attitude of young people in Thailand is shifting, a young working generation tends to work independently rather than serve the corporate company refers to the number of new Independent Interior design Firm and freelancer are increasing reported by Thailand Interior Designer Association (TIDA). This Industry Analysis will study the current situation and find the key success of Interior Design Company. The research will be useful to any Interior Design Firm both Independent and Corporate in order to develop their business and marketing strategies.

#### **1.2 COMPANY PROFILE**

##### **MOM STUDIO Co. Ltd**

MOM studio is an independent interior design firm founded by one interior designer and one interior architect, Mr. Naewnay Satumtira and Miss Supawan Aonthongthip. The origin of this company was starting since the 2 partners have met each other in Faculty of Architecture, Chulalongkorn University in 2005. For 10 years, we have been shared the same passion and belief in art, design, and culture. From this beginning, we found our design team in 2008 with no specific name or title in order to join design competitions and workshop both local and international.

After graduation from architecture school, the 2 partners went to work in different organization to pursue specific area of knowledge and skill. Mr. Naewnay went to work in famous interior design firm, P49 and ended up in real estate company, SANSIRI. Miss Supawan went to study lighting design and also taught interior design in Chulalongkorn University. Alongside full-time job, both of us also took interior

design project as a freelance team and we gained valuable experiences from many clients with many project categories.

In search of our path of design approach, MOM studio was founded in 2015 with an objective to provide an excellence interior design service to customer both B2B and B2C.

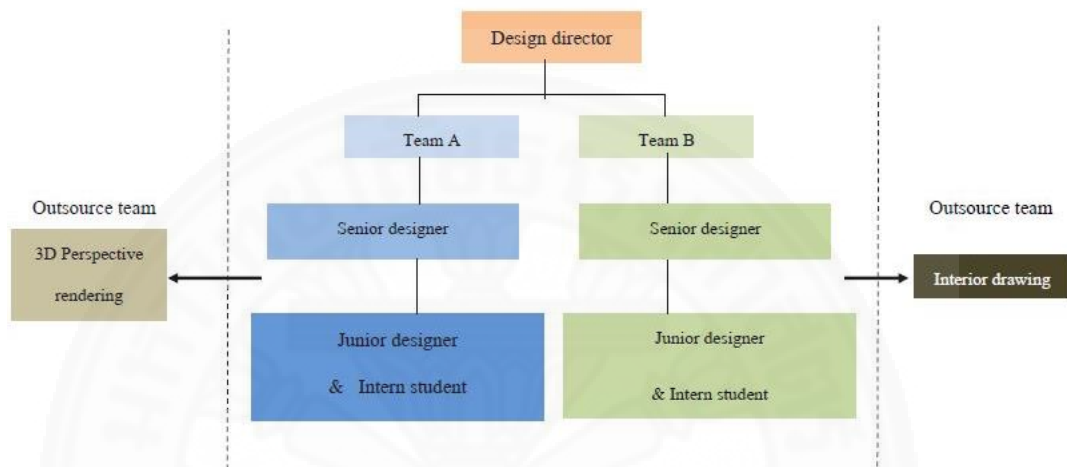


Figure 1: Organization chart of MOM studio

### 1.3 STUDY PURPOSE AND OBJECTIVES

The objective of this research is aiming to assist any business owner or any interior designer to understand this industry and be able to create marketing strategies in order to compete in Thailand market. Understanding the industry and customer can also help Thai interior designer to identify their characteristics and core competency of Thai design service among international competitors as well. This research will be guided by the following objectives.

- (1) To analyze an Interior Design Service industry by look into specific area
  - explain the current market situation
  - explain Industry structure, conduct and performance
  - explain the growth trend
- (2) To analyze MOM studio's competitor.
  - Direct competitor: Design Plus Style

- Indirect competitor: PYE
- (3) To understand the purchasing factor of B2B consumer.
- (4) To identify its appropriate marketing strategies for Independent Interior Design Company in Thailand.

#### **1.4 ORGANIZATION OF THE REPORT**

This report is divided into 4 main parts. The first part is an introduction that provides basic information about interior design industry and current situation in Thailand together with company profile of MOM STUDIO which is a studying model of this study. Second part is a research design which explains the research method, research findings and final analysis of qualitative data. The third part is the results of the research that was completely conducted. Finally, the last part is summary and conclusion which provide recommendation.

## **CHAPTER 2**

### **REVIEW OF LITERATURE**

#### **2.1 OVERVIEW OF THE INTERIOR DESIGN MARKET IN THAILAND**

##### **2.1.1 Definition of interior design**

AMERICAN SOCIETY OF INTERIOR DESIGNERS VIRGINIA (2016) gave the definition of interior designer as a service profession delivering work of interior design to the client. Interior design process is created through collaboration with many other professions from architect and engineer to contractor. As interior design needs integrated knowledge and skills, practicing career in the United States and Canada requires certification from NCIDQ (National Council for Interior Design Qualification, 2004). In Thailand interior designer is under the control of TIDA (Thailand Interior Designer's Association, 2015).

##### **2.1.2 Real-estate business overview**

The overview of interior design market can be studied through the real estate industry situation. The demand of interior designer depends on the number of emerging real estate project that requires the new work of design (Warut, 2011). Apart from the new project, many renovation projects that use old buildings also need interior design work as well. Vinai (2015, January 22) said that in overall trend of real estate in Thailand was slow in late 2015, but still better than 2014 although political issues and terrorism in late August 2015 at the center of Bangkok. In addition, the luxury market for both residential and commercial are still good since this market is not sensitive to the economic decline and keep growing from 2012 until now.

##### **2.1.2.1 Residential sector (condominium and housing)**

Sidney Leng (2015, September 15) said that the number residential sales targeted international buyer that slightly drop during the bomb has returned at the end of 2015, as prospect buyer did not cancel any of deals that had been dealt before the terrorism. Moreover when we are looking at the condominium sales in Bangkok, the



tendency of expat and buying power from other countries such as Singapore, Hong Kong, and Russia are growing reported from SANSIRI one of the leading real estate developer of Thailand (saniri, 2015).

On the side of High-end condominium sales has good sign with new 10 projects launched in 2015. The total sales rate of condominium in Bangkok in 2015 was at 88% with 6.7% growth rate compared to the previous year (Rassarin, 2015).

Furthermore on the side of middle-end condominium most of developers are focusing on transfer the completed units together with create promotion campaign to boost sales. James Pitsean (2015, December 3) from CBRE also said that in order to support this industry and relief the stressful of sales revenue in middle to middle-low segment condominium, Thai government has launched an economic stimulation package believed that in 2016 the trend will be better. Besides Real Estate Investment Trusts (REITs) was set up by government which allows the investor to invest in different type of project (Vinai , 2015).

#### **2.1.2.2 Commercial sector**

James Pitsean (2015, December 3) reported that there were new 6 shopping malls opened in 2015 all around the suburban area of Bangkok with total area of 7 million sq.m.. With this number, the demand of interior designer for retail and restaurant was increasing during early of 2015. Moreover in 2016, there will be also 11.1 million sq.m. of shopping mall opening.

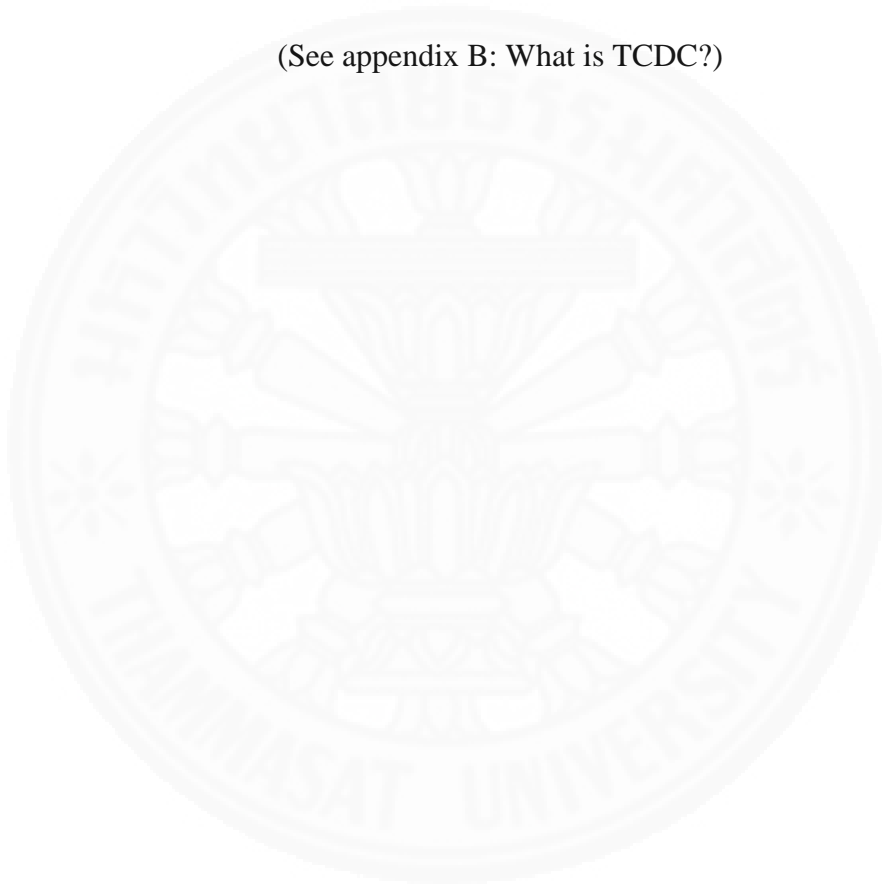
#### **2.1.3 The importance of interior design to business**

Apart from the core products or services, the physical evidence of interior design plays very important role in driving customer satisfaction for example in food and restaurant business (restaurant engine, 2015). Research also found that with the right interior design of restaurant can influence customer to spend more money and repeat purchase (Marija, P. Vanda, B. Jazminka, s., 2014).

#### **2.1.4 Government support policy to design industry**

There are new projects launched by TCDC or Thailand Creative and Design Center during 2014-2016 to enhance service business with design and creativity. In form of workshop, lectures and consult; the purpose of the project is to strengthen Thai service in any business of Thailand with creativity. Moreover to connect with culture asset of Thailand, TCDC will also support a collaboration with skillful human resources from the creative and design industry as well (TCDC, 2015)

(See appendix B: What is TCDC?)



## **CHAPTER 3**

### **RESEARCH METHODOLOGY**

#### **3.1 SECONDARY DATA COLLECTION AND OBSERVATION**

This study mainly uses exploratory approach in order to find answers for research objectives. The research method was divided into 2 main parts; the first part is data collection and the second part is data analysis. Two of exploratory research methods used in this study were secondary research and qualitative research.

Secondary research was conducted to explore 3 key topics related to research objective number 1 which is to analyze an interior design service industry and explain the current market situation.

##### **3.2.1 Industry structure, conduct and performance**

- (1) To identify the number and size of competitor in the industry by sourcing information from Interior designer and Architect community website such as TIDA (Thailand Interior Designer association) and ASA (The Association of Siamese Architects).
- (2) To explain how the industry conducted by study business strategy of competitors in the industry majorly from studied competitor's website and news article.
- (3) To indicate the industry performance refers to accomplishment or result such as financial performance, customer satisfaction, or public recognition of the studied competitors from website and news article.

##### **3.2.2 Growth trend**

Interior Design Service industry's growth rate can be investigated through real-estate growth rate as well. This type of information needs to be gathered from reliable sources. For this study, the selected sources are the renowned real estate agencies that provide research journal and analysis of current situation.

### **3.2.3 Direct competitor and indirect competitor data**

According to research objective number 2, the data of studied competitors will be gathered from competitor's website and in-depth interview with owner of the company. There are 3 types of interior design company segmented by scope of service as follow.

- (5) One-stop design service company: This type of company provides wide range of design services from architecture, interior, landscape to graphic and corporate design.
- (6) Interior design company: The company focuses on interior design service only.
- (7) Interior turnkey company: The company provides services range from design to construction.

MOM studio is an Interior design company. The direct competitor will be selected by shared characteristics: scope of service, size of company (number of staff and number of project capacity), customer's profile and project category (commercial or residential).

From secondary research, the selected direct competitor for this study is the company named "Design Plus Style" and indirect competitor is PYNE which is Interior turnkey company.

### **3.2 INTERVIEW WITH BUSINESS OWNER**

The in-depth interview both by face to face and telephone are qualitative research methods conducted to understand the purchasing factor of B2B customer as mention in research objective number 3. The private in-depth interview with selected sample is considered to be major part of this study, because an information gathered from the interview will be used to analyze an appropriate marketing strategy according to objective number 4.

### 3.2.1 In-depth interview questions

#### Part 1: Introduction

- Greeting to welcome the respondent.
- Introduce myself as an interviewer.
- Explain the whole process and the purpose of the interview.
- Allow the respondent to tell their stories about their job and their process of work.

#### Part 2: Key research questions (Sample questions)

- What is the most important factor in selecting interior design company for your project?
- Talking about Interior Designer, who or what is the first name that come up on your mind? Why?
- Describe your ideal Interior designer you desire to work with.

#### Part 3: Ending

- Summarize the main idea of respondent.
- Thank you the respondent.

### 3.2.2 Identification of key research variable

#### (1) Independent Variables

Refers to objective number3, independent variables of this study will be considered from both costumer side and service provider side.

- Customer's characteristics such as demographic and geographic variables. In this case, customer refers to real-estate developer or business owner who hire Interior designer.
- Interior design company's characteristics such as demographic and geographic variables.
- Behavioral variable towards working process between business owner and interior design firm such as one-stop design or interior design only.

- Psychographic variable such as design or style preference, perception toward interior design, and brand positioning.
- Aspects of the adoption process such as; selection criteria, key triggers and barriers.

## (2) Dependent Variable

The independent variable is purchasing behavior and intention to choose interior designer.

### 3.2.3 Sampling procedure & target respondents

- Total sample size of respondents: 21 persons
- The respondent will be selected from different customer segment according to MOM studio's target customer. There are 2 main segments divided by the building type or project's function: Commercial and Residential.
- Number of respondent from each segment: 2-4 persons

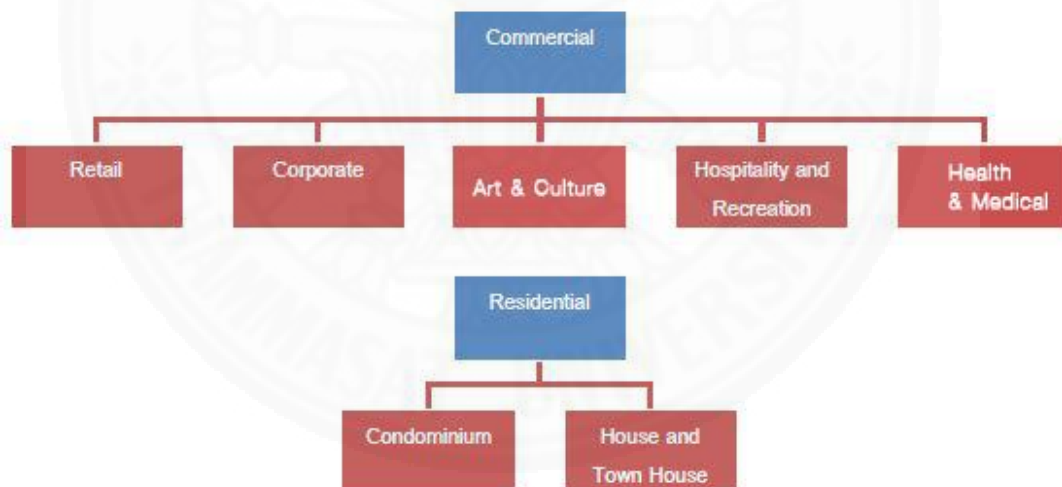


Figure 2: Customer segment of interior design market

#### 3.3.3.1 Sample Selection

There are 2 screening characteristics of the respondents

- (1) The respondents must understand in what interior design is.
- (2) The respondents are working in business that requires physical evidence of place as their business tool.

### **3.3.3.2 Respondent Qualification**

- Male or Female
- Age 22 -50 years old
- Business owner or key decision maker of the company who has authorize in choosing interior designer.
- Experienced working with Interior Designer at least 2 companies.

### **3.3.3.3 Respondent Selection Criteria**

21 respondents will be selected through convenient sampling method.

### **3.3.3.4 Survey acquisition & recruiting plan**

- First is finding the target respondents through screening qualification.
- Second is briefing the whole process of interview and clarify the purpose of study.
- Finally, lead the respondent through each interview questions. The session will be completed within 45 minutes.

### **3.3.3.5 Data collection**

Qualitative Research: The In-depth Interview

- There are 2 types of interview process
  - (1) Face-to-face interview.
  - (2) Telephone interview
- The in-depth interview participants have been recruited within Bangkok area.
- The conduct place of in-depth interview will be based on convenience for interviewee.
- The interview duration of each participant will take approximately 30 – 45 minutes.
- Some of the in-depth interview will be arranged during a lunch or dinner time to have more discussion time depending on a relationship with interviewees and their convenience.

### 3.3.3.6 Target respondents

According to the figure 2, Interior design customer can be divided into 2 main categories by function of building and 4 sub categories under the commercial segment and 2 sub categories under residential segment. The name list of company of target respondents are shown in below table.

COMMERCIAL	Name of company
<ul style="list-style-type: none"> <li>Retail (restaurant or boutique shop)</li> </ul>	<ol style="list-style-type: none"> <li>POEM (fashion boutique)</li> <li>Home fresh hydro farm (restaurant)</li> <li>Growth cafe</li> </ol>
<ul style="list-style-type: none"> <li>Corporate (office)</li> </ul>	<ol style="list-style-type: none"> <li>Coldwell banker (real-estate agency)</li> <li>Jamsai (Publishing company)</li> <li>Decillion office</li> </ol>
<ul style="list-style-type: none"> <li>Art and Culture (gallery or art studio)</li> </ul>	<ol style="list-style-type: none"> <li>Speedy Grandma (Art Gallery)</li> <li>56<sup>th</sup> studio (Art Gallery)</li> <li>Pinpina (Wallpaper studio)</li> </ol>
<ul style="list-style-type: none"> <li>Hospitality and Recreation (hostel, hotel or resort)</li> </ul>	<ol style="list-style-type: none"> <li>Everyday Bangkok Hostel</li> <li>Ai Phuket Hostel</li> <li>Lubdee Hostel</li> <li>Nai Nai Hostel</li> </ol>
<ul style="list-style-type: none"> <li>Health &amp; Medical (hospital or dental clinic)</li> </ul>	<ol style="list-style-type: none"> <li>Pathumvej hospital</li> <li>Orange Clinic (Office syndrome clinic)</li> <li>Netanart Clinic</li> </ol>
RESIDENTIAL	Name of company
<ul style="list-style-type: none"> <li>Condominium</li> </ul>	<ol style="list-style-type: none"> <li>Skyline condominium</li> <li>Artemis condominium by CTCC</li> <li>Navarang asset</li> </ol>
<ul style="list-style-type: none"> <li>House</li> </ul>	<ol style="list-style-type: none"> <li>Sretasiri by SANSIRI</li> <li>The village cottage by Areeya property</li> </ol>

Table 1 Table of target respondents in every segment



### **3.3 ANALYSIS OF QUALITATIVE DATA**

The qualitative data collection process had been conducted through all 21 respondents within 4 months. As an owner of interior design company, I have found that the findings from conversation with many business owners provide me very valuable data directly and indirect to my own business. Above all, there were several key factors that each business owner use as a set of criteria to screen and select the right design firm for them. These are samples of the key findings gained from in-depth interview.

#### **3.3.1 Project reference**

Refers to the profile or history of company that shows the previous achievement projects. In other words, design portfolio has an influence for the company to be selected or not by the owner. If that company had experiences in same type of project category, some owner would like to consider that firm rather than the other with no experience.

#### **3.3.2 Scope of work**

Refers to any services provided by Interior Design Company which there are 3 main types as the list below

- One-stop design service company: This type of company provides wide range of design services from architecture, interior, landscape to graphic and corporate design.
- Interior design company: The company focuses on interior design service only.
- Interior turnkey company: The company provides services range from design to interior decorate and interior construction.

### 3.3.3 Design and style

Looking into the interior design company's side, each company has their own unique strength in term of design process and style. For example, some design firms are an expert in modern style and some firms are very skillful in Thai-traditional style. Moreover, among interior designer market, some interior designers are considered as a leader as they are trend setter who set up their own style of design ahead other competitors and some companies are fast follower. From in-depth interview, some respondents consider this factor the most important as they want interior designer that can deliver the right design and style for their projects.

From an information above, there are 3 dimensions that affect how business owner select interior design company.

1. Design and style
2. Working process
3. Risk management

#### 1. Design and style



"I need interior designer who is an expert in modern Chinese and fashionable, because my hostel aims to capture young generations of traveler. Good interior design is one of the most important key to my business" - Miss Pornprom, The owner of Nai Nai hostel

"I am looking for complete loop of service from design to construction. I think that it would be easier to manage, if interior designer can handle the construction process after finish design part. I believe that as the one who have been worked the whole project from beginning, he or she must be the one who know best how to execute it." - Miss Nattawadee, The owner of Home fresh hydro farm (restaurant)

#### 2. Work process



3. Risk control



“Interior design for hospital is special from other kind of building type. I need interior designer and team who have design experience in this field, so at least one project of hospital design in portfolio is required.” - Dr. Suthee, CEO of Pathumvej Hospital

Detail on 3 considering key dimensions

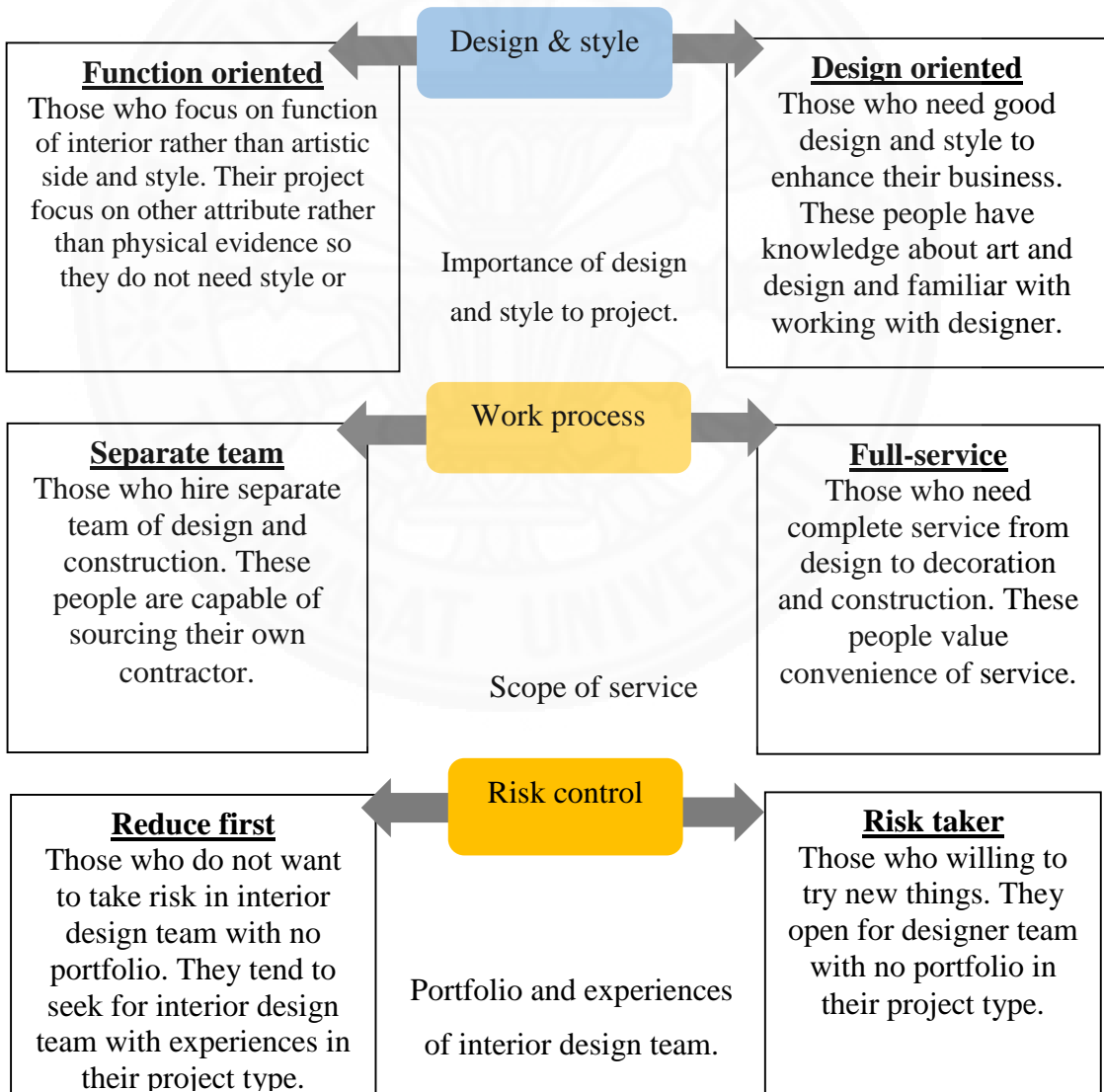


Figure 3: Detail on 3 usage dimensions

**Using 3 dimensions, a total of 8 possible sub-segments can be derived**

After found the main 3 dimension of considering keys from business owner, there are total of 8 possible sub-segments lay within the figures below.

		Risk taker (Accept new designer)	Reduce risk (Require experience designer)
Design oriented	Full service	✗	✓
	Separate team	✓	✗
Function oriented	Full service	✗	✗
	Separate team	✗	✓

 Not found in these research     
  Not found in these research

Figure 4: 8 possible sub-segments

In order to convey clearer picture, all of the 21 respondents from selected target were mapped into sub-segments table as shown below.

		Risk taker (Accept new designer)	Reduce risk (Require experience designer)
Design oriented	Full service	✗	
	Separate team		✗
Function oriented	Full service	✗	✗
	Separate team	✗	

 Not found in these research     
  Not found in these research

Figure 5: Mapping of respondents with sub-segments

		Risk taker <small>(Accept new designer)</small>	Reduce risk <small>(Require experience designer)</small>
Design oriented	Full service	✗	Perfectionist
	Separate team	MUSE	✗
Function oriented	Full service	✗	✗
	Separate team	✗	Functionalism

 Not found in these research     
  Not found in these research

Figure 6: 3 sub-segments of interior design firm's client.

In conclusion, there are 3 sub-segments of interior design firm's client found in this research. Each sub-segments has its own characteristic.

### 1. Perfectionist

- Refers to people that focuses on design, style, and interior designer's ability.
- They looking for a full-service provider who provide or manage both design and construction for them in an interior project.
- Required interior design's portfolio with the same building type of their project

### 2. Muse

- Refers to people that focuses on design, style, and interior designer's ability.
- Turn-key service is not required.
- They accept new interior design team with no direct experience.

### 3. Functionalism

- Refers to people that focuses on function rather than style and design.
- They looking for a full-service provider who provide or manage both design and construction for them in an interior project.
- Required interior design's portfolio with the same building type of their project

## CHAPTER 4

### RESEARCH AND DISCUSSION

#### 4.1 INTERIOR DESIGN MARKET IN THAILAND (2013-2015)

##### 4.1.1 Industry Structure

In Thailand interior design industry can be divided into 2 main parts by customer segment of project type. As shown in figure 2, commercial segment has 5 sub-segments and residential segment has 2 sub-segments

##### Commercial

1. **Retail:** Retail segment in this study refers to any business that requires physical evidence of place for business activity such as shop and boutique shop. Besides restaurant and café are also included in this category.
2. **Corporate:** In this study corporate refers to all office, virtual office or co-working space.
3. **Art and culture:** In this study corporate refers to any business activity that involving in art, design, music, or performance for example art gallery, museum, theatre, cinema, or music studio.
4. **Hospitality and recreation:** Refers to hotel, hostel, resort, and spa.
5. **Health and medical:** Refers to hospital, clinic, beauty clinic, and dental clinic.

##### Residential

1. **Condominium:** This sub-segment includes both high-rise and low-rise condominium together with apartment and dormitory.
2. **House and town house**

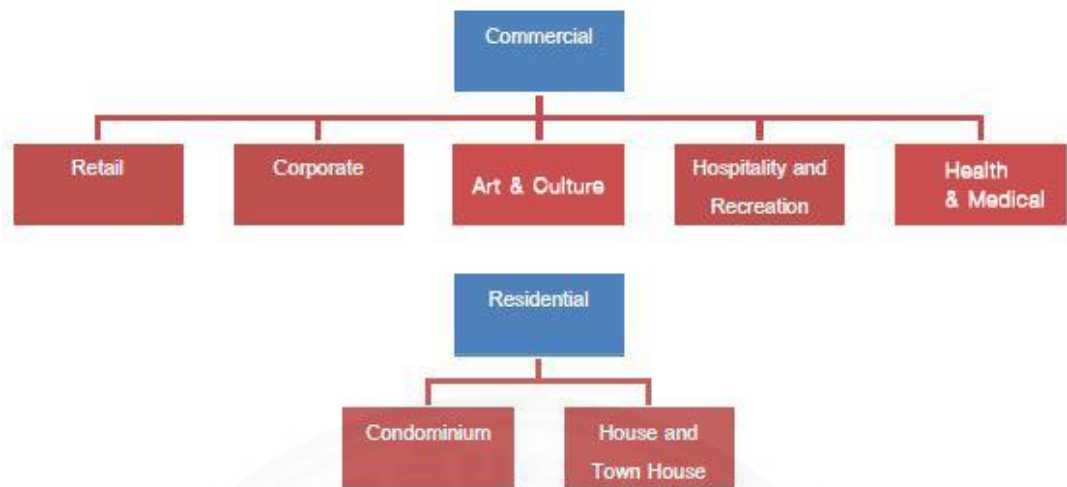


Figure 7: Customer segment of interior design market

### Type Interior Design Company

There are 3 types of interior design company segmented by scope of service as follow.

1. **One-stop design service company:** This type of company provides wide range of design services from architecture, interior, landscape to graphic and corporate design.
2. **Interior design company:** The company focuses on interior design service only.
3. **Interior turnkey company:** The company provides services range from design to construction.

MOM studio is an Interior design company. The direct competitor will be selected by shared characteristics: scope of service, size of company (number of staff and number of project capacity), customer's profile and project category (commercial or residential).

From secondary research, the selected direct competitor for this study is the company named "Design Plus Style" and indirect competitor is PYE which is interior and architecture turnkey company.

According to the information about number of interior design company in Thailand, the data on website of TIDA (Thailand Interior Designer association) and



ASA (The Association of Siamese Architects) are limited as they show only the registered members.

The total number of registered company is 87 interior design companies.

1. One-stop design service company: 25 companies.
2. Interior design company: 52 companies.
3. Interior turnkey company: 10 companies.

There are approximately 10-20 unregistered company. The growing number of registered members was about 2-4 companies per year during 2013-2015. In normal practice, most of member in the TIDA (Thailand Interior Designer association) and ASA (The Association of Siamese Architects) are those companies that founded at least 6 years. Within interior design society, the member and board who play and important roles in industry mostly came from those big interior design companies.



*Figure 8: Logo of TIDA (Thailand Interior Designer association)*

*and ASA (The Association of Siamese Architects)*



#### 4.1.2 INDUSTRY CONDUCT

##### Project work flow of interior design

In normal practice interior designer starts the project after signed contract with clients.

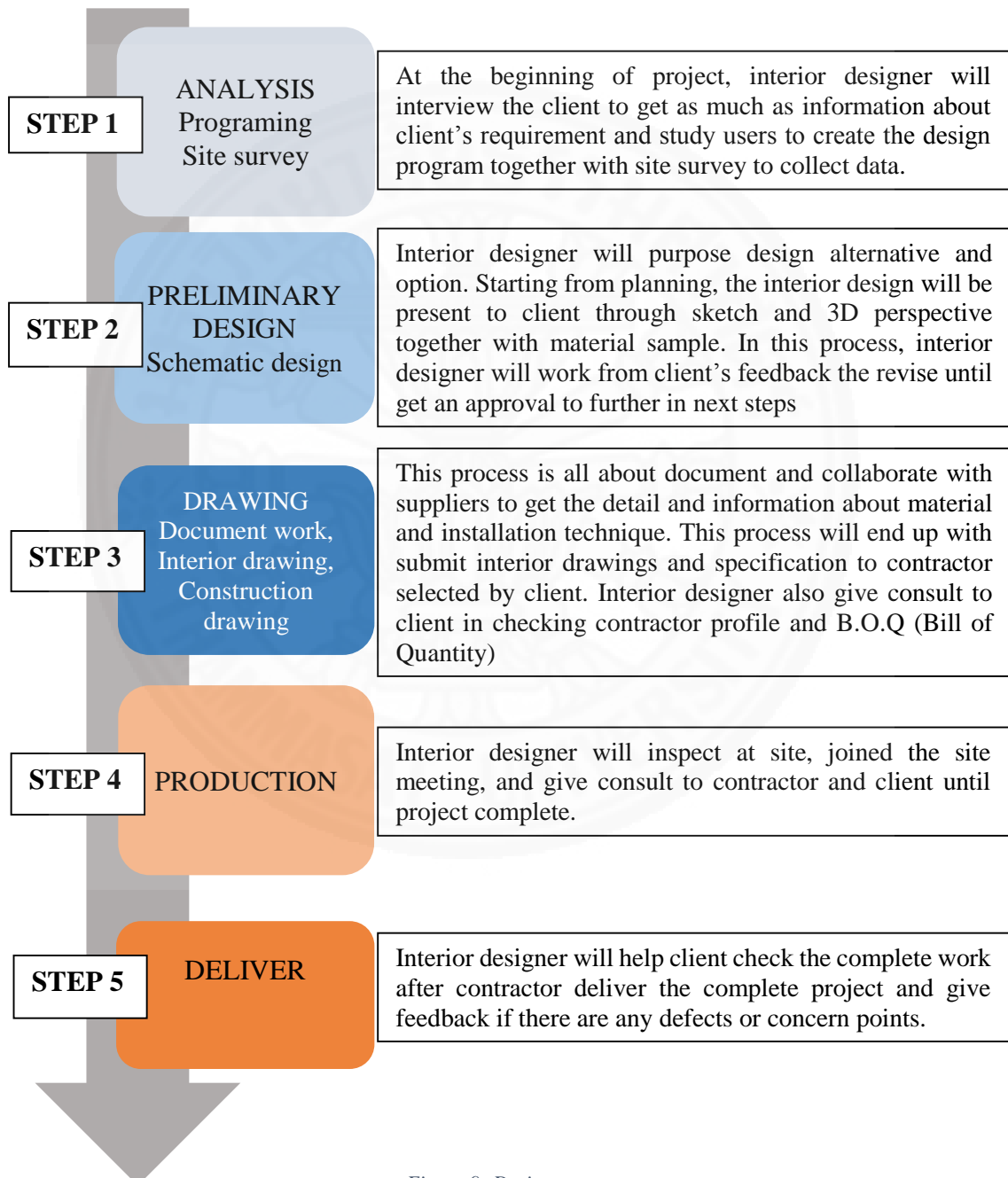


Figure 9: Design process

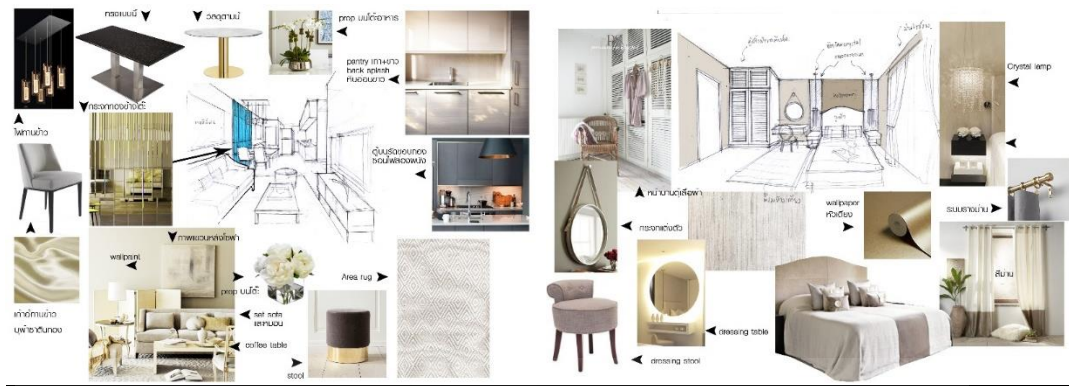


Figure 10: Schematic design

Above figures are real visual presentation of MOM studio to the customer of River bend condominium project in Bangkok. In this process, we purpose furniture and material selection through images and material sample. After get feedback and comment from customer, we will revise and purpose new design to get client’s approval.

**Project work flow of interior turnkey company**

According to the figure 8, the normal interior design firm will complete 80% of their job in step 3. On the contrary turn-key company have more responsibilities as they scope of work include construction part as describe below in figure 10.

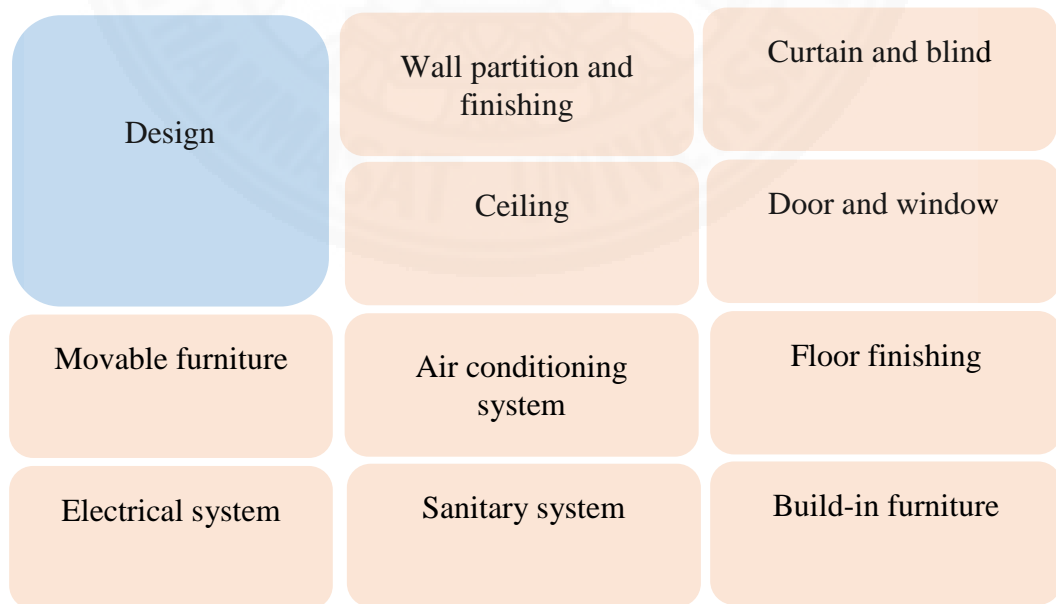


Figure 11: Interior turnkey scope of work

### 4.1.3 INDUSTRY PERFORMANCE

Interior design is a service business. The revenue of design company comes from design fee. Each company has their own standard of charging fees from client. In case of MOM studio, our design fee bases on area of project and scope of work. On the other hand, interior turnkey company are gaining revenue from 2 ways; design fee and overhead profits from total construction cost.

#### **How interior design company charge design fee.**

There are 2 ways in charging interior design fees in Thailand market.

#### **1. Charging design fee based on area of design work (Thai Baht/ square meter).**

In normal practice, the price is starting from 900 baht – 8,000 baht per square meter depends on the reputation and credibility of the company. This way of charging design fee is more popular as the prices is constant. Moreover clients are able to control the budget efficiently.

#### **2. Charging design fee based on percentage of construction cost.**

Normally in Thailand, the price is ranked between 10% - 15% of total interior construction cost.

Apart from 2 main methods, there are some factors that interior design company consider together.

- (1) **Building type:** some building types require extra work and specialist which impact to initial cost of operating. For example, 5 stars hotel always requests for special lighting design which requires lighting designer to join the team.
- (2) **New design project or renovation project:** Renovation project or restoring old building into new function requires longer time for site analysis. Normally interior design for renovation project is allowed to charge design fee 10%-20% higher than normal rate.

## 4.2 PROFILE OF DESIGN PLUS STYLE (DIRECT COMPETITOR)

Design plus style or in other name D+S was selected to be studied direct competitor because of the similarity of company profile compared to MOM studio.

### 4.2.1 Background of the company

D+S was founded in 2009 by Mr.Ake Boonpromsup. D+S is an interior company that has reputation in terms of customer centric. The owner as interior designer himself takes charge in every design process and detail. With warm and caring service, the company has gained reputation among real estate developer and hotel chain owner in Thailand such as Pathumwan princess hotel and SANSIRI, renowned real estate company.

Company's portfolio is divided into 4 categories.

1. Residential
2. Commercial
3. Office
4. Lobby and show houses

### 4.2.2 Organization structure

The company has the same organization plan as MOM studio. They hire in-house designer and outsource 3D rendering and interior drawing for better budget control of operating cost.

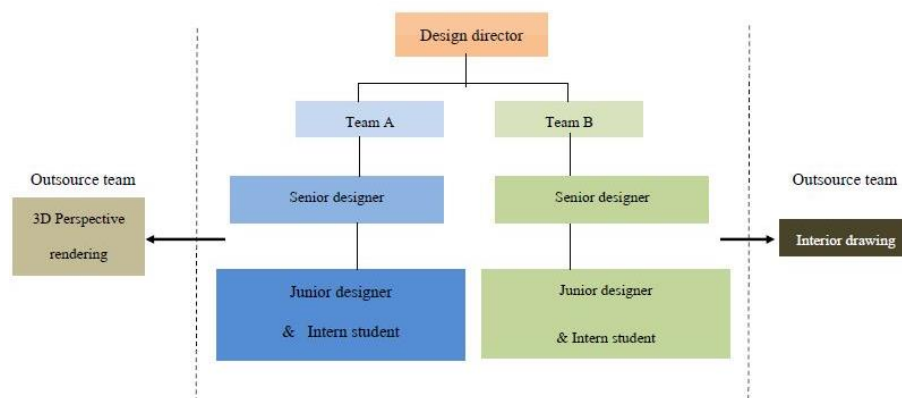


Figure 12: Organization chart of D+S

### **4.2.3 Company's objective**

The company is aiming to deliver interior design service with customer centric approach. As shown in company philosophy that "Clients are main focal point to our service. We listen our client needs and turn them to design. Space that we created meet specific aspect and condition."

### **4.2.4 Current Strategies**

According to customer profile of this company, it can be clearly stated that the target customer of D+S is a high-end customer both B2B and B2C. In other words, most of D+S customer is ranked in "MUSE" sub-segment according to this research design.

MUSE is customer who focuses on design aspect of interior designer. They are not require turnkey service and above all they are open to new interior design team with no direct portfolio required.

Positioning strategy of the company is to serve high-end customer who have design oriented mind set with customer centric service.

### **4.2.5 Strength**

In order to analyze company's strength an interview with D+S's customers was required to get the feedback and evaluate weather this company succeed in delivery service or not. In conclusion, there are 3 main aspects of D+S's strength.

#### **(1) Strong customer base**

D+S is successful in taking care of their customer. From their customer's feedback has shown that D+S has taken all of customer's requirement into final design which satisfy customer both during design process and after deliver final product.

#### **(2) Long experiences**

The company was founded for 7 years. In customer point of view, D+S is a credible interior design company judging from years of practices.

#### **(3) Variety of project portfolio**

Company's portfolio covers wide range of building types.

#### 4.2.6 Weakness

All of project management and design execution are led by one person, the owner himself. Even though D+S has strength in service, the company weakness is also on other side. As the company are relying on one person both sales and production, it is irreplaceable for the team to loss key person of the company. This is also big issue in many design companies where core value of the service depends on few people. The way to solve this problem is team support and good project management.



*Figure 13: Logo of design plus style or D+S*



*Figure 14: Sample of D+S's portfolio*



## 4.3 PROFILE OF PYE

### 4.3.1 Background

PYE is an interior and architecture turnkey company founded in 2013. PYE is one of the first design companies) in Thailand that uses full scale of online marketing channel. Starting with launched a social media persona of a young and friendly designer to represent the characteristic of the company and tell the stories behind the scene of interior and architecture design in 2013. At first most of people did not know that PYE was not a real person which created both positive and negative impact to the company.



Figure 15: Sample of company's website

### 4.3.2 Organization structure

PYE has a full-scale of design and construction team. Within design team, there are both interior and architecture team with in-house 3D rendering and draftsman for construction drawings.

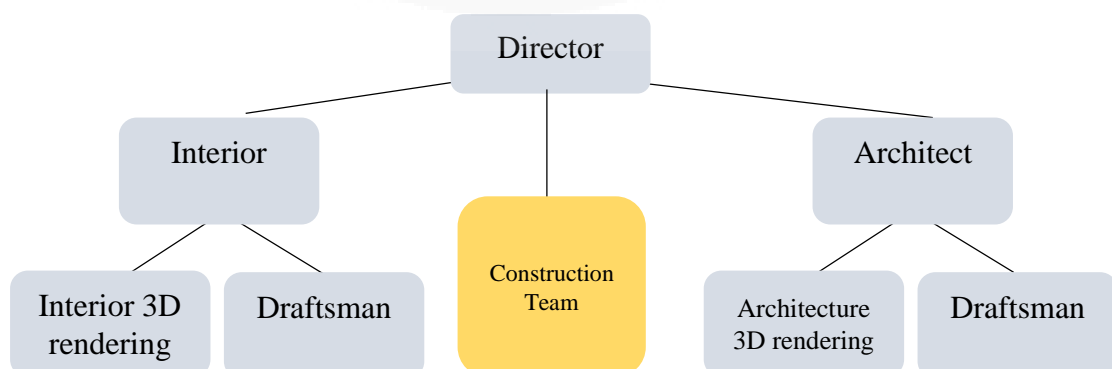


Figure 16: Organization chart of PYE

### **4.3.3 Company's objective**

The company is aiming to deliver full design and construction service to customer with 3 main characteristics. According to the website, what PYE mentioned about the 3 characteristics are as following below.

#### **Practical**

“With each plan I design, I emphasize simplicity, nothing over-the-top. My work is always original and created especially for you. And I only charge according to the designs needed, helping to reduce unnecessary costs.”

#### **Youthful**

“I love detail. When I design for my friends, I consider each one's personality and lifestyle, and blend that with fresh concepts. I'll come up with something that just feels just right – an expression of simple comfort, understated style, and seamless functionality.”

#### **Exquisite**

“My designs exude a beauty and style of their very own. They're easy on the eyes and comforting for the mind, leaving a lasting impression.”

### **4.3.4 Current Strategies**

From website design and content from social media, it can be assumed that PYE target young generation of customer age between 19-30 years old who need friendly designer who assist them with full scope of design and construction. In term of target segments, PYE is targeting to both “MUSE” and “Perfectionist”.

### **4.3.5 Strength**

With full in-house team in design and construction, PYE has competitive advantage in Economic of scope. Moreover with online marketing strategy, PYE has well recognition among their target customer.



#### **4.3.6 Weakness**

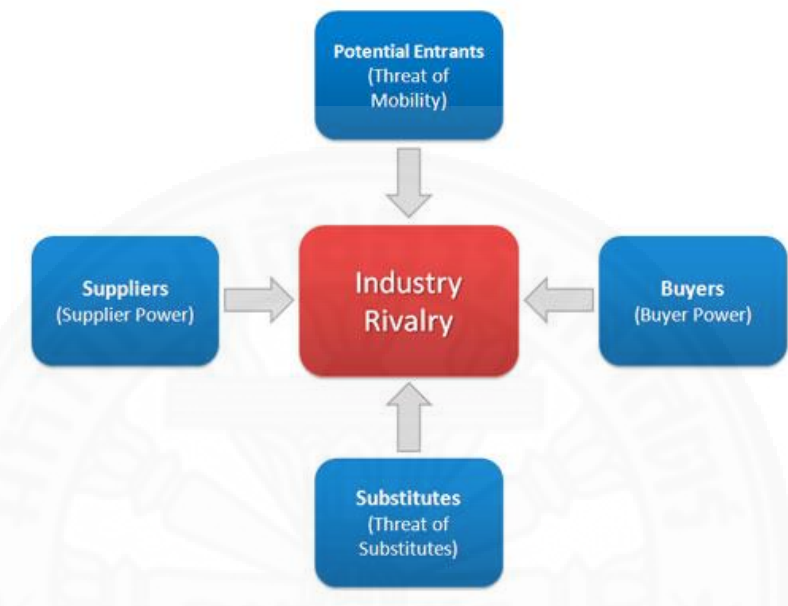
PYE's strength is also leads to weakness. As PYE has many employees in the office, the cost of design production is much higher than using outsource team. Moreover PYE has spent high budget on marketing in order to maintain the awareness and reputation. As a consequence, the margin of company is considered to be lower than smaller small independent design company.



## CHAPTER 5

### CONCLUSIONS AND RECOMMENDATIONS

#### 5.1 FIVE FORCES MODEL ANALYSIS



*Figure 17: Five forces model analysis*

##### 5.1.1 Competitive Rivalry within industry

Interior design industry is a low competitive rival industry when considered the following factors below.

- Has small number of players compared to the growth of real estate industry.
- The competitor in the market have their own differentiation point both in design process approach and service strategy.
- Fixed cost of business is low. There are no product stock or investment in expensive machine.
- The competitor within industry has unequal size and market share.

##### 5.1.2 Bargaining power of suppliers

There are 2 level of suppliers in interior design industry. First is design level which refers to draftsman who creates interior drawings and 3D rendering who created

computer graphic perspective for presentation. Second is material supplier and construction labor. In both 2 level of suppliers, they have low bargaining power as their services are considered as commodity. In design level of supplier, there are many competitor competing among each other in price which is a very good benefit to interior design company.

### **5.1.3 Bargaining power of customers**

Customers have moderate bargaining power in the industry. As the design process has to be customize to each different customer, there is no threat of product backward integration. Although the competition in some segment such as residential is intense, there is high relation between price of design service and perceived value for high-end project segment. As a consequence, customer is insensitive to price and not willing to choose the cheapest service provider.

### **5.1.4 Threat of new entrants**

Interior design service has a low barrier to entrance, because there is no investment in product or material for the business. Moreover the fix cost is manageable and outsource is easy to find, as nowadays many designers start their business with one computer laptop in co-working space or café.

### **5.1.5 Threat of substitute product or service**

In terms of design service some project categories such as residential has higher threat of service substitute than commercial project. Because of big players in modern furniture business such as SB design or INDEX are also provide free interior designer as a support service to their customer. On the other hand in commercial segment, there is no way that interior design service could be replace as the projects need customization process with different site and requirement. In conclusion the threat of service substitution of interior design is low.

## **5.2 KEY SUCCESS FACTORS IN THE INDUSTRY**

From this study, the key findings reveal that apart from company portfolio; personal reference from customer to customer is considered to be one of the most powerful factors to their decision process. As interior design service is a high-involvement service, customer is looking for interior designer who listen to them carefully, understand their needs and work alongside with them from the beginning until the end.

In conclusion, the key success factors of interior design service in Thailand can be divided into 3 main points as follow.

### **5.2.1 Focus on customer centric leads to personal reference.**

Specialize in service process is considered to be a competitive advantage of the company. Any interior designer should focus on customer's requirements and create a good communication along the process. Providing excellence service to customer can help company reduce marketing cost when customer refers the company to other clients.

In Thailand interior design market, personal references are more valuable to business opportunities than online references.

### **5.2.2 Build up business alliance**

Build up relationship in both sides of design supporter and construction in order to reduce investment cost. Especially for interior design company, partnering with interior contractor can be benefits to both parties in cover wider range of customer.

### **5.2.3 Create team work and work flow management**

One of the major problems of many independent interior design firms is workload capacity management. As most of interior design service, the owner is also the key person of production process and customer relation; managing work flow both inside company and outsource are very crucial to smoothen the process and increase efficiency of the team.

### 5.3 HOW TO SUCCEED IN EACH CUSTOMER SEGMENT

According to the research results, we can divide customer of interior design service into 3 segments. In order to target and capture each segments, business owner or service provider need to understand their needs and basic characteristics to better serve and retain them.

#### 5.3.1 Perfectionist

##### Characteristic

- Refers to customer that focus on design, style, and interior designer's ability.
- Well-educated about interior design and construction process.
- Know interior designer in the market more than 3 companies.
- They are looking for a full-service provider who provide or manage both design and construction for them in an interior project.
- Required interior design's portfolio with the same building type of their project
- Professional look portfolio and project references could enhance their decision.

##### Channel to communicate

- Online channel: Facebook, Company's website, Instagram
- Architect or design fair and event
- Direct approach
- Architecture or interior design magazine

PERFECTIONIST need formal approach. They prefer interior design firm with professional look with team work. When they are considering interior design company, they tend to choose interior design company with good team work with well-experience in their project type. Punctual schedule and well-collaboration with other parties such as engineer or architect team is very important to PERFECTIONIST.

Company who want to target PERFECTIONIST has to be well-organize in both design approach, construction management and documentation.

### 5.3.2 Muse

#### Characteristic

- Refers to customer that focus on design, style, and interior designer's ability.
- Turn-key service is not required.
- Well-educated about interior design and construction process.
- Know interior designer in the market more than 3 companies.
- They accept new interior design team with no direct experience.

#### Channel to communicate

- Online channel: Facebook, Company's website, Instagram
- Architect or design fair and event
- Direct approach
- Architecture or interior design magazine
- Fashion magazine

MUSE has many characteristics in common with PERFECTIONIST, but there are distinct differences between them in terms of design and style oriented. MUSE is more related to interior designer as a person more than company. They are more fashionable and up-to-date to interior design trend. They are more open to new things, risk-takers, and innovative. In the area of service process, MUSE need more dedicated time of service form designers. Each of MUSE customer is looking for customized work of design. Company that wants to capture MUSE need to develop style and design approach to be the trend leader. In real market MUSE is the most profitable customer, as they perceived price relate to value.

### 5.3.3 Functionalism

#### Characteristic

- Refers to people that focuses on function rather than style and design.
- They looking for a full-service provider who provide or manage both design and construction for them in an interior project.
- Required interior design's portfolio with the same building type of their project

### Channel to communicate

- Online channel: Facebook, Company's website
- Architect or design fair and event
- Direct approach

FUNCTIONALISM focus on function of interior design rather than style or artistic aspect. For example, retail business that require repeat design work in every branches of their franchise. In this case, interior designer's job is to lay out the plan, adjust some material specification, and resize some pieces of furniture. The design program have strict standard and requirement. Apart from professional portfolio, FUNCTIONALISM also consider past complete construction project. FUNCTIONALISM is price sensitive but can be benefit in term of number of projects and long-run contract.

Company that wants to capture FUNCTIONALISM need to have former experience in the specific project type. In order to penetrate this segment, company must set clear objective and develop portfolio that directly match with customer requirement.

### **5.4 RECOMMENDATIONS**

This study has contributed great benefits to MOM studio. As I have learn many useful facts about my potential customers; the next step of MOM studio is clearly planned. After analyzing my company's core competency, core vale, and culture; MOM studio aims to capture MUSE segment as a primary target within 2016 and PERFECTIONIST segment as secondary target since we have strong partnership with many construction suppliers already.

In order to capture MUSE, MOM studio is positioning ourselves in niche market with our expert in contemporary style and cartful design approach. Since we has developed our service process and design approach for 4 years, MOM studio would like to represent ourselves as a luxury interior designer with motherly service.

Moreover in part of our staffs, we are planning to provide them intensive in terms of extra vacation and bonuses to encourage our team to reach the target of revenue

together. Finally, we are developing our new portfolio both online and print work with new corporate identity aiming to capture high-end customer specially design lover ones. In parts of sustain our relationship with our previous customer, we will purpose after service such as recheck completed work, recommend them an extra service from our alliances such as cleaning service together with update new furniture trends with them in personal.

## **5.5 LIMITATIONS OF THIS STUDY**

### **5.5.1 Source of information**

- There are limited sources of information about interior designer in Thailand.
- Many new interior design companies are not registered to the TIDA or ASA since they are not perceiving any value of being membership.
- There was no direct numbers of the industry value.

### **5.5.2 Confidential business information of competitors.**

- Financial information was confidential. In this study, speculation numbers from their customer information were used to analyze their growth and performances.



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**APPENDICES**

## Appendix A

### Definition of Interior Design

Interior design is a multi-faceted profession in which creative and technical solutions are applied within a structure to achieve a built interior environment. These solutions are functional, enhance the quality of life and culture of the occupants and are aesthetically attractive. Designs are created in response to and coordinated with the [building shell](#) and acknowledge the physical location and social context of the project. Designs must adhere to code and regulatory requirements, and encourage the principles of [environmental sustainability](#). The interior design process follows a systematic and coordinated methodology, including research, analysis and integration of knowledge into the creative process, whereby the needs and resources of the client are satisfied to produce an interior space that fulfills the project goals.

Interior design includes a scope of services performed by a professional design practitioner, qualified by means of education, experience and examination, to protect and enhance the health, life safety and welfare of the public. These services may include any or all of the following tasks:

Retrieved from <http://www.ncidqexam.org/about-interior-design/definition-of-interior-design/>

## **Appendix B**

### **What is TCDC?**

**Thailand Creative & Design Center (TCDC)** was established in 2004 under the government by Prime Minister Thaksin Shinawatra to connect and promote interaction among creativity, skill, cultural asset and business conducive to creating quality products and services that meet the global market demand. TCDC pushed forward the development of creative economy in 2008 to promote creative entrepreneurs as the key element of Thai economic driving force. Also, TCDC has built a knowledge management network through 14 miniTCDCs nationwide and opened TCDC Chiang Mai in 2013 as a center for exchanging creative ideas and readying regional entrepreneurs to keep up with ever-changing global demand. TCDC constantly develops ways to manage knowledge as well as to share and connect creativity with business practices, making it possible that imagination can change your life.

Retrieved from <http://www.tcdc.or.th/about/>

## BIOGRAPHY

Name	Mr. Naewnay Satumtira
Date of Birth	March 16, 1985
Educational Attainment	2003-2007 Chulalongkorn University, Bangkok Faculty of Architecture, Department Of Architecture Cumulative GPA 3.44 (2nd Class Honors)
Work Position	Director and owner MOM studio
Work Experiences	June 2011-September 2013 Interior designer SANSIRI co., ltd  April 2008-February 2010 Product and graphic designer GEO décor co., ltd  March 2010-May 2011 Project coordinator and Interior designer P49 co., ltd