

ANALYSIS BUSINESS STRATEGY HOUSING DEVELOPMENT OF MILLENIAL GENERATION

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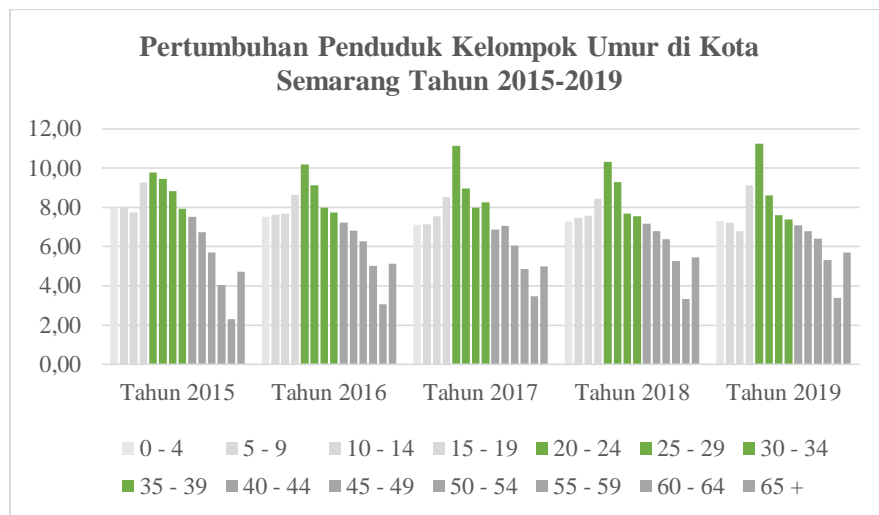
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Abstract: The advance of the highly competitive housing development industry demands housing development companies to do innovation in their housing products. One of the innovations that housing developers can do is to start targeting the millennial generation as a market for their products. The great number of millennials who have already worked and have got married makes them to be the potential buyers to a larger property market. The business strategy analysis was carried out through external environmental analysis utilizing PESTEL analysis and Porter analysis, and internal environmental analysis utilizing business function analysis and strategy formulation with SWOT analysis. This qualitative study used a case study approach. The data were collected by using in-depth interviews with the strategic parties of PT. Kanzu Permai Abadi. The results of this research show that PT. Kanzu Permai Abadi has considered the internal and external aspects of the company in formulating the housing business strategies for the millennial generation. The business strategies by PT. Kanzu Permai Abadi could be used to assess its position well in the housing development industry which is starting to target the millennial generation for its housing products and will not be easily defeated by its competitors.

Keywords: *Business Strategy, Housing Developer, Millennial Generation.*

1. Introduction

The millennial generation is a working age group between 23 - 37 years old or those who were born in 1981 - 1997. According to the data from the Indonesian Central Bureau of Statistics (BPS), the millennial generation is now more than 50% of the productive age population (16 - 64 years old). The millennial generation has the highest population composition compared to the other generations. They are the most important generation to foster the Indonesian economy and development because they are at a productive age and prime to buy a house as their first property. They can also contribute to the future residential property trend (Deloitte Indonesia, 2019).



Source: The analysis result based on the data from the Central Bureau of Statistics of Semarang City, 2020

Figure 1. The Population Growth of Age Groups in Semarang City during 2015-2019

The existence of the millennial generation is attractive to property industry developers. The great number of the millennials who have already worked and got married makes them the potential buyers of the larger property market. The property developers in Indonesia are required to adapt to meet the needs of the millennial generation related to the affordability and accessibility of the houses in strategic locations (Pfeiffer *et al*, 2019). One of the housing property developers in the suburb of Semarang City is PT. Kanzu Permai Abadi which has a residential land development area in Ungaran, Central Java. The suburban area of Semarang City is an alternative for residents who want a residential housing at a more affordable price compared to those in the center of the city. Moreover, the population in the central area of Semarang is getting higher while the demand for housing is increasing. This makes suburban areas a promising housing business opportunity (Yandri, 2014).

In this developing era, PT. Kanzu Permai Abadi continues to make updates in order to follow the development in the housing market. The increase of the competition in the market requires companies to anticipate and take advantage of business strategies by considering the existing opportunities and challenges. The growing company, PT. Kanzu Permai Abadi, has begun to consider the opportunity to expand its target market, which is currently controlled by the millennial generation. The innovation made by PT. Kanzu Permai Abadi is the company's strategic choice in expanding its target market through a housing product that can attract millennials. The form of the innovation is a business strategy to increase profitability by developing a new market or a new product (Le, 2019). Therefore, based on the background of this study, the main research question is "How is the process of formulating a housing developer's business strategy aimed at the millennial generation?" with the the research questions as follows:

1. How is the process of analyzing the external environment of a housing developer in providing housing for the millennial generation?
2. How is the process of analyzing the internal environment of a housing developer in providing housing for the millennial generation?
3. How is the process of formulating a housing developer's strategy in providing housing

for the millennial generation?

2. Research Method

The research on "Housing Development Business Strategies for the Millennial Generation" was conducted at one of the housing developers in West Ungaran, namely PT. Kanzu Permai Abadi (PT. Kanpa) with its millennial housing product, namely Bukit Permai I Residence. This research is a case study, which is a qualitative research based on empirical observation that investigates a phenomenon in the real life context. The case study research at PT. Kanzu Permai Abadi was chosen because of the company's strategy development which began to target the millennial generation as its housing market. The primary data source was obtained through in-depth interviews. The interviews with the experts aimed to analyze the business strategies of the millennial housing developer at PT. Kanzu Permai Abadi. The participants in this study were the director or owner and the marketing department officers of the company.

The focus of this research is on cases or events within the company. The case was the event which became the basis for PT. Kanzu Permai Abadi in formulating a business strategy targeting the millennial generation as the market. Therefore, the process in this study emphasized the business strategy process of PT. Kanzu Permai Abadi based on the analysis of the company's external environment and the analysis of the company's internal environment on its readiness to provide housing for the millennial generation. The results of the study were analyzed by identifying the company's external and internal environments, so that SWOT analysis could be produced in accordance with the current business strategies that the company has set.

The analysis technique used in research involves segmenting and sorting out data and rearranging it so that it is easier to understand and can be presented more informatively (Creswell, 2019). The first stage, namely data reduction, is processing and preparing the data for analysis. This stage is in the form of interview transcriptions, sorting and compiling data into research sub-themes. The second stage, namely coding, is the process of organizing data by collecting pieces and writing categories within the limitation of the study. The third stage, namely data interpretation, is an important part of a study where the interpretation of the data is obtained. The fourth stage is testing the validity and reliability of the research by means of data triangulation. The triangulation of information data sources is by examining the evidence that comes from these sources and using it to build a coherent justification for the theme (Creswell, 2019).

3. Results and Discussion

In formulating business strategies, it is important to be able to read both external and internal environmental factors as a form of identifying the elements of business opportunities and threats. This helps the company formulate several strategic steps that are appropriate for PT. Kanzu Permai Abadi in providing housing for the millennial generation. The analyses of the formulation of the housing development business strategies for the millennial generation at PT. Kanzu Permai Abadi are:

The Analysis of the External Environment in Providing Housing for the Millennial Generation

The external environmental analysis at PT. Kanzu Permai Abadi aimed to obtain information about the macro environment, industrial environment and operating environment

in which the company interacts with customers, competitors, suppliers and other stakeholders. The external environmental analysis was carried out by using PESTEL analysis and PORTER analysis.

PESTEL Analysis

The PESTEL model allows a company to monitor, and evaluate changes and trends in the macro environment of the company. PESTEL classifies the company's general environmental strengths into six segments, namely Political, Economic, Sociocultural, Technological, Environmental, and Legal.

1. Political

Political influences on PT. Kanzu Permai Abadi were government regulations related to the housing development industry, government policies, and political stability. These political influences were closely related to the closeness between the company and the government because it could help the licensing process become easier. The proximity of the housing development company to the government was also related to the scale of the housing developer. Hence, the political influences on the housing development business of PT. Kanzu Permai Abadi were high.

2. Economic

The economic influences on PT. Kanzu Permai Abadi were economic growth, the level of purchases from the millennial generation, the income of the millennial generation, and the stability of housing prices. The economic growth of Semarang City which continues to increase every year shows that there is an opportunity of people's increasing income. This also happens to millennials who have begun to enter the workforce and have an impact on increasing the purchasing power of the millennial generation. For that reason, PT. Kanzu Permai Abadi took advantage of the existence of the millennial generation by providing Bukit Permai 1 Residence as middle-low housing with a selling price adjusted to the capability of the millennial generation. In other words, the economic influences on the housing development business of PT. Kanzu Permai Abadi were moderate to high.

3. Sociocultural

The socio-cultural influences on PT. Kanzu Permai Abadi were related to the demographic and lifestyle of the millennial generation. The millennial generation is a bonus demographic or a large population which can be an opportunity for the housing development business. Moreover, the desire of the millennial generation to fulfill urban lifestyle with a high purchasing power makes this generation an ideal target for the middle- to lower-priced housing market. Therefore, the socio-cultural influences on the housing development business of PT. Kanzu Permai Abadi were moderate to high.

4. Technological

The influence of technology on PT. Kanzu Permai Abadi was related to the innovation of using the internet maximally. The existence of the internet is currently being used by PT. Kanzu Permai Abadi as a form of innovative and unique promotional media. This is also supported by the close relationship between the millennial generation and technology. For that reason, the innovation in promotional media that was able to attract the attention of the millennial generation was PT. Kanzu Permai Abadi's business strategy. Furthermore, the technological influence on the housing development business of PT. Kanzu Permai Abadi was high.

5. Environmental

The environmental influence on PT. Kanzu Permai Abadi was related to the sustainable construction around the Bukit Permai 1 Residence project. This sustainable construction was related to the AMDAL as an important study of the company planned on the environment. This was a form of the company considering the factors of the natural environment on the surrounding to achieve the sustainable construction. Therefore, the environmental influence on the housing development business of PT. Kanzu Permai Abadi was moderate.

6. Legal

The legal influence on PT. Kanzu Permai Abadi was related to the regulations regarding RTRW and IMB. In deciding a housing project, a company must comply with the RTRW in order to facilitate the licensing process. RTRW is the basis for determining a housing land according to its designation as a residential area. Furthermore, the IMB as the basis for licensing is used for the maximum legal protection. Hence, the legal influence on the housing development business of PT. Kanzu Permai Abadi was high.

Porter Analysis

Michael Porter developed a five-strength model, which is the need to see the wider market competition, such as buyers, suppliers, potential new entrants, and the threat of substitutes.

1. Threat of New Entrants

The threat of new entrants reflects how new market players give a threat to the existing market players. There are housing developers' economies of scale, initial investment, and operating costs with suppliers. The economies of scale for the achievements got by PT. Kanzu Permai Abadi were not easy for new companies because there were barriers to the existing players. Moreover, the large initial capital investment became the barrier for new players. In addition, different operating costs with suppliers between old and new players would impact on the housing prices. Therefore, the form of incoming threats for PT. Kanzu Permai Abadi had a low influence.

2. Power of Suppliers

The supplier power of an industry can be related to the supplier's ability to raise prices, reduce quality, limit the number of products sold. In the case of PT. Kanzu Permai Abadi, the supplier power was low because the company had low switching cost in changing suppliers. This is also due to the large number of suppliers and less differentiation, so that the company could choose suppliers according to a more affordable price.

3. Power of Buyers

The power of buyers relates to the pressure a customer can do to the industry by demanding a lower price or higher product quality. In the case of PT. Kanzu Permai Abadi, the power of buyers was low because housing products have differentiation in design, house concept, and price offered. This is why the bargaining power of the buyers was low.

4. Threat of Substitutes

The threat of substitute products is other industrial products that can meet customer's needs on the same basis. In the case of PT. Kanzu Permai Abadi, the existence of substitute products was not a threat to the company because Bukit Permai 1 Residence has a clear concept and is differentiated from its competitors. The company was also able

to provide the best value for its housing product, and therefore the threat of substitutes for the company of PT. Kanzu Permai Abadi was low.

5. Competitive Rivalry

The competition among competitors illustrates the intensity of a company in the industry to determine its market share and profitability. In the case of PT. Kanzu Permai Abadi, the competition among the developer competitors actually had a good relationship. The non-price competition that occurred among the developers caused the company to develop and create a value in their housing product. This good relationship made the company not feel worried about the competitors. However, the marketing department still had a high intensity of competition in order to attract consumers' attention. Thus, the competition among the competitors for the company of PT. Kanzu Permai Abadi was moderate to high.

The Analysis of the Internal Environment in Providing Housing for the Millennial Generation

Internal environmental analysis at PT. Kanzu Permai Abadi aimed to obtain information related to the company's functional strategies. This was used as a consideration for the strengths and weaknesses of PT. Kanzu Permai Abadi in supporting the housing development strategies for the millennial generation. The functional areas of PT. Kanzu Permai Abadi were the functions of marketing, human resource management (HR), operations, and finance.

1. Marketing

A marketing plan is very important for a business because the success of a business depends on their marketing strategy and focuses on the customers' needs. The marketing department at PT. Kanzu Permai Abadi emphasized a mature concept to build a housing branding for the millennial generation on social media. The marketing strategy was intensively carried out on PT. Kanzu Permai Abadi's social media because it was able to connect the company with the millennials audience. In determining its marketing strategy, PT. Kanzu Permai Abadi also conducted Segmenting, Targeting, and Positioning (STP) analysis. The segmentation chosen by PT. Kanzu Permai Abadi was the millennial generation. Based on the millennial generation market segment, the target chosen has worked to facilitate the housing purchase process. Furthermore, based on the segmentation and target chosen, PT. Kanzu Permai Abadi set its housing product placement different from its competitors, which was by building a housing brand for the millennial generation.

2. Human Resource Management

The human resources available in an organization actually determine the way in which the company can implement its strategies. The human resource department at PT. Kanzu Permai Abadi created a reliable team so that they could work together to develop company strategies to provide housing for the millennial generation. This reliable team could encourage the digitalization of the company to develop high-quality products and services by utilizing technology. In other words, the human resource department at PT. Kanzu Permai Abadi ensured that the organization could implement the company's strategies well.

3. Operations

The operations strategy is one of the company's functional strategies that is related to the flow of products in and out. The operational department of PT. Kanzu Permai Abadi ensured that all upstream to downstream processes ran well in accordance with the abilities and capabilities of each employee. The company even transferred logistics function to specialists for cost efficiency and delivery time, as well as building a good relationship with the surrounding environment.

4. Finance

Financial strategy is a part of the management function of the company which covers the issue of financial resources to ensure that funds flow efficiently throughout the company. The finance department of PT. Kanzu Permai Abadi was associated with large capital and high tax payments. These high taxes and large capital required the company to make careful calculation regarding the costs that the company must pay, such as labor cost, operational cost, and cash flow. This careful calculation will have an influence on housing price policies that remain affordable in accordance with the capabilities of the millennial generation.

SWOT Analysis as the Strategy Formulation in Providing Housing for the Millennial Generation

After an identification of the external analysis and internal analysis has been carried out, the next step was to formulate strategies with the company's resources. The SWOT analysis approach allows managers to combine external analysis and internal analysis for strategic implications. This strategic fit could enable the company of PT. Kanzu Permai Abadi to gain a competitive advantage.

Table 1.
SWOT Matrix of PT Kanzu Permai Abadi

	Strengths 1. Company's experience in the housing development business 2. Good relation with the environment 3. Healthy competition between developers 4. Utilization of technology 5. Strategic location 6. Strong branding 7. Strong capital 8. Differentiated housing	Weaknesses 1. Conventional operating process 2. High taxes 3. Complicated licensing process
Opportunities 1. The close relationship between the owner and the government 2. The high number of the millennial generation 3. The millennial generation as the workforce 4. The closeness of the	Aggressive Strategies 1. Fostering a good relationship with buyers (S1, S2, S3, O1) 2. Targeting the millennial generation as the potential market (S5, O2, O3, O5) 3. Utilizing technology because millennials are close to the technology (S4, S7, O4)	Turnaround Strategies 1. Fostering a good relationship with suppliers (W1, O1) 2. Establishing housing price policies at affordable prices according to the millennials' capability (W2, O3)

millennial generation to technology		
5. The increase of economic growth		
Threats 1. Convolved and overlapping government regulations 2. Consumptive lifestyle of the Millennials 3. The growth of the developer business 4. Strong competition in marketing	Diversification Strategies 1. Utilizing the millennials' lifestyle as a part of a marketing strategy (S4, S6, T2) 2. Creating a strong branding for the millennial housing development company (S4, S6, T3, T4) 3. Becoming a millennial housing company with differentiated concepts and designs (S8, T4)	Defensive Strategies Fostering a good relationship with the government for licensing and regulations convenience (W3, T1)

It can be seen that the company implemented several strategies to create its competitive advantages. Based on the results of the SWOT analysis on PT. Kanzu Permai Abadi as a housing development company for the millennial generation, the company has currently implemented the strategies by considering its external and internal environments. Moreover, the company has even kept doing aggressive and diversification strategies. The following is an explanation of the strategies that were being intensified by PT. Kanzu Permai Abadi:

1. Fostering a good relationship with buyers
PT. Kanzu Permai Abadi created a close relationship with its buyers. The owner often visits the field to see the condition of the housing development. At the same time, the owner can gather inputs from buyers to improve. This is done in relation to building and creating a good relationship in order to create a competitive advantage. The result is that the company's profitability of will also be increasing.
2. Targeting the millennial generation as the potential market
The great number of the millennial generation and those (from the same generation) are also starting to enter the workforce became an opportunity for the housing development business of PT. Kanzu Permai Abadi. The strength of PT. Kanzu Permai Abadi with a strategic location is very supportive in taking advantage of the opportunities from the millennials who work in Semarang. Not only that, but the cheap land price in the West Ungaran gives another plus value for designing housing that is more attractive to the millennial generation.
3. Utilizing technology because millennials are close to the technology
The internet is currently being used as an attractive and unique promotional media by PT. Kanzu Permai Abadi. The closeness of the millennial generation to technology was an opportunity used by PT. Kanzu Permai Abadi in targeting the millennial generation. This housing was specifically designed to meet the millennials' needs and tailored to their ability to pay for it. This, of course, was also supported by the strength of PT. Kanzu Permai Abadi which has a strong capital.
4. Utilizing the millennials' lifestyle as a part of a marketing strategy

PT. Kanzu Permai Abadi's strategy by utilizing technology through social media was carried out through things that are close to the daily lives of the millennial generation. The marketing strategy by PT. Kanzu Permai Abadi was not only able to attract the attention of an audience from the millennial generation but also to provide an overview of investment and financial planning to buy a house. For that reason, this marketing strategy is expected to be closer and relevant to the millennials' lives.

5. Creating a strong branding for millennial housing development company

Social media is used as a medium in marketing as well as building a company's brand with the aim of building trust from consumers. The marketing strategy in utilizing social media aimed to provide a brand image of PT. Kanzu Permai Abadi as a trusted housing developer for the millennial generation's buyers. This was also a form of competitive advantage over its competitors.

6. Becoming a millennial housing company with differentiated concepts and designs

The differentiation of housing products offered by PT. Kanzu Permai Abadi was a product with a unique and fresh concept in the property industry designed based on the preferences of the millennial generation. PT. Kanzu Permai Abadi's differentiation strategy was able to provide the best value for their housing products.

The company has been implementing several strategies to survive well in the housing development industry through aggressive and diversification strategies. This is proven by PT. Kanzu Permai Abadi's persistent marketing on social media with the branding of a housing developer for the millennial generation. Therefore, the business strategies applied to the company have considered its strengths and opportunities in order to create a competitive advantage in the housing development industry.

4. Conclusion

Based on the research results, it can be concluded that the industrial environmental analysis with PESTEL analysis has a moderate to high effect on the housing development business for the millennial generation run by PT. Kanzu Permai Abadi. The highly-influenced factors indicate that the existence of the macro environment, especially the millennial generation, can be a trend opportunity that can be exploited by the company. Furthermore, the application of the Porter model has low power against the company of PT. Kanzu Permai Abadi, except for the marketing department among the existing competitors. The low strength of this company indicates that the company of PT. Kanzu Permai Abadi has a greater profitability. The internal environmental analysis was conducted at PT. Kanzu Permai Abadi as a form of understanding the company's internal environment related to its functional strategies. The company built its internal environment by developing its core capabilities and competencies.

After conducting an external analysis and internal analysis, business strategies were formulated through SWOT analysis. Based on the analysis, it can be seen that PT. Kanzu Permai Abadi is now aggressively implementing marketing strategies on social media with a branding of a housing developer for the millennial generation. Thus, the position and economies of scale of PT. Kanzu Permai Abadi as an old player as well as the current position of the company in the housing development industry are not easily defeated by its competitors.

This study has a limitation because the respondents in this study were only the owner and marketing department officers of PT. Kanzu Permai Abadi. Therefore, future research should

conduct in-depth interviews with all strategic parties of the company. This aims to make the research results more detailed and in-depth. In addition, to get comprehensive research results regarding housing for the millennial generation, it is necessary to consider the millennial generation's preferences as the consumers.

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