

# Building Brand Loyalty in Home Appliances Competitive Market by Optimizing Existing Service Centers: Case Study of Terang Brand in Indonesia

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**ABSTRACT** : *In today's competitive home appliance industry, established enterprises such as Terang face substantial pressures from Chinese manufacturers, resulting in customer segmentation into price-conscious and value-conscious categories. This study investigates how Terang may use its service centers to increase customer loyalty by addressing consumer behavior and preferences. The study's goal is to identify key psychographic traits and preferences of consumers who value quality and after-sales service, develop effective market segmentation and tailored marketing strategies, and analyze competitors to better understand consumer preferences and innovate after-sales service strategies. Using primary data from in-depth interviews with Terang customers and internal management, the study finds that value-conscious consumers prioritize quality and after-sales service, which have a substantial impact on their brand loyalty. Terang can set itself apart from competitors who compete solely on price by focusing on these value-conscious customers. The findings help Terang navigate the competitive market, target the right consumer segments, and use its service centers to generate customer loyalty, assuring long-term business sustainability and growth. This study can help firms improve customer engagement and loyalty through strategic service management in a highly competitive industry.*

**KEYWORDS** – *After-Sales Service, Consumer Loyalty, Experience Centre, Home Appliances, Value-Conscious Consumer*

## I. INTRODUCTION

The small household appliance industry is fast rising as consumers become more conscious of technology and seek practicality and smart connectivity [1]. Established organizations and newcomers are combining usability, visual appeal, and enhanced functionality [2]. This market expansion is being driven by improvements that improve device convenience and utility [3]. The market was estimated at USD 1413.26 billion in 2022 and is expected to expand at a 4.16% CAGR to reach USD 1958.76 billion by 2030 [4].

Despite a -2.9% drop in the entire Consumer Tech & Durables market to USD 813 billion in 2023, the small domestic appliances sector increased by 1.2%, indicating consistent demand. This sector is anticipated to be worth USD 193.83 billion in 2023 and USD 271.23 billion by 2030, representing a 4.92% CAGR [5]. Midea Group, Haier Group, and SEB Group are among the leading worldwide companies in driving innovation and meeting consumer demand.

The Asia-Pacific area, particularly Indonesia, is a big growth driver, with Indonesia exceeding 67 million units and a 3% CAGR. Companies like PT Kencana Gemilang, PT Star Cosmos, and PT Universe Holding are well-positioned to capitalize on market developments. In China, both social and traditional e-commerce platforms play an important role, with social media accounting for 27% of small home appliance sales in 2023, up from 16.8% in 2022.

The introduction of Chinese brands such as Xiaomi, Midea, and Haier has drastically altered consumer behavior segmentation by attracting the attention of price-conscious consumers with low-cost items that have modern technology. This strategy has successfully grown their market share, establishing them as key participants in the global market. However, the emphasis on affordability has resulted in a distinct division of customers into price-conscious and value-conscious categories [1]. Value-conscious customers emphasize product quality and exceptional after-sales service, taking into account factors such as dependability, ease of maintenance, availability of replacement parts, and prompt customer support [1].

For established brands like Terang, participating in a price war with these Chinese goods risks eroding profit margins and jeopardizing long-term company survival. Instead, Terang can concentrate on capturing the value-conscious group by distinguishing itself through product excellence, dependability, and exceptional after-sales services [6]. This intentional emphasis on after-sales service can improve customer satisfaction, retention, and brand loyalty, giving a major competitive advantage. According to studies, outstanding after-sales service not only improves client retention and sales chances, but it also serves as a significant differentiator in a competitive market [7][8][9].

Terang, with its strong global brand and expertise in the small household appliance business, is well-positioned to benefit from this strategy. Terang can effectively establish brand loyalty and sustain business growth by targeting value-conscious consumers with an improved after-sales service approach [10][11]. Understanding and satisfying the individual needs of these discerning consumers would enable Terang to fine-tune its service initiatives, retain existing customers, acquire new ones, and strengthen its market position, resulting in long-term success in a competitive environment [12].

To address Terang's business challenge of differentiating itself in the competitive small household appliances market dominated by price-conscious Chinese brands, this study will investigate the key psychographic characteristics of value-conscious consumers who prioritize product quality and after-sales service. The study's research questions revolve on identifying key consumer characteristics, establishing how Terang can use its core strength in high-quality product manufacture to appeal to these segments, and optimizing Terang's service centers to fulfill their specific requirements. The aims are consistent with these issues, seeking to build successful market segmentation and targeted marketing tactics, increase loyalty and trust through outstanding after-sales services, and devise creative after-sales strategies based on competitor analysis and consumer preferences. This method will help Terang improve its service tactics, retain existing customers, attract new ones, and boost its market position by emphasizing quality, dependability, and great customer service.

## II. LITERATURE REVIEW

### 2.1 Consumer Behavior

Solomon defines consumer behavior as the acts made by people or groups to meet their needs and desires by selecting, acquiring, using, and disposing of goods, services, concepts, or experiences [13]. This process is divided into three stages: pre-buy, purchase, and post-purchase, each of which involves a different role, such as consumers, users, and influencers. Multiple individuals frequently have an impact on purchase decisions in organizations. Marketers must understand consumer behavior in order to develop strategies that fulfill consumers' requirements at every level, resulting in stronger customer connections and increased brand loyalty. Solomon also divides consumers into two groups according to their purchase habits: value-conscious and price-conscious [13]. Value-conscious buyers seek products that provide the best value for the money, taking into account characteristics such as durability and quality. Price-conscious shoppers, on the other hand, prioritize getting the lowest cost, even if it means sacrificing quality. Understanding these categories enables marketers to modify their strategy accordingly, focusing on cost savings for price-conscious consumers and quality for value-conscious customers. Consumer psychology delves deeper into how value and price considerations influence purchasing decisions, highlighting the need of integrating marketing techniques with consumer psychology to improve customer happiness and loyalty.

### 2.2 Marketing Strategy

Marketing is described as "meeting needs profitably" [14]. Effective marketing entails selecting target markets and nurturing consumer connections in order to provide higher value. The STP (segmentation, targeting, and positioning) framework is an essential component of marketing strategy [14]. Segmentation finds groups with comparable demands; targeting picks the most viable segments; and positioning establishes a distinct image in the target market's mind. Effective segmentation must be measurable, substantial, accessible, distinguishable, and actionable. Positioning entails creating offerings that have a distinct position in the consumer's thinking, driving entire marketing strategy, and maximizing brand benefits. Recent research, such as Hidayatullah et al., have highlighted the practical use of STP techniques, proving how targeted marketing may effectively satisfy consumer needs [15].

### 2.3 Differentiation

Differentiation theory focuses on establishing a distinct and valued position for a company's product or service, so distinguishing it from competitors. Kotler et al. stress product distinctiveness through features, quality, durability, and design [14]. Effective differentiation avoids the commodity trap, in which items become interchangeable and compete largely on price. Superior product performance, unique features, and outstanding customer service can all serve as differentiators. It entails analyzing the complete consumption chain and identifying differentiators at each stage to improve the customer experience. Differentiation also involves the brand's image and consumer perception, which results in increased customer value, satisfaction, and loyalty. Banker et al. and Gakuya & Njue show that successful differentiation increases profitability and customer loyalty [16][17].

### 2.4 Competitor Analysis

A competitive strategy positions a corporation to maximize the value of its unique traits that distinguish it from competitors [18]. Competitor analysis is a vital component of strategy development. The purpose of competitor analysis is to create a profile of the nature and success of probable strategic changes that competitors may undertake, their likely responses to various strategic moves by other firms, and their reactions to industry

changes and broader environmental alterations. However, despite the obvious necessity for advanced competition analysis, it is not always done explicitly or comprehensively in reality. According to Porter, the goal of a competitive strategy is to position a company in the market and differentiate it from competitors [19].

### **2.5 Porter's Five Forces**

Porter's five forces concept offers a methodical approach to understanding market rivalry. The five forces include the threat of new entrants, replacement products or services, customer negotiating power, supplier bargaining power, and market competition level. Understanding these dynamics enables firms to recognize market power, trends, and opportunities. Competitive advantage emphasizes having distinct capabilities that competitors cannot simply imitate, necessitating constant development and innovation. This strategic strategy entails matching resources and capabilities to the company's objectives in order to achieve long-term success [18].

### **2.6 Service Marketing**

Service marketing addresses the intangible, inseparable, variable, and perishable qualities of services [20]. People, tangible evidence, and procedure are all part of the extended marketing mix for services, which is required for effective service delivery and marketing. External marketing sets client expectations, interactive marketing keeps promises, and internal marketing enables providers to deliver. Relationship marketing focuses on developing long-term consumer relationships rather than transactional marketing.

### **2.7 Experiential Marketing**

Experiential marketing is the process of creating memorable customer experiences via intentional design and involvement. Pine and Gilmore divide experiences into entertaining, instructive, escapist, and aesthetic categories [21]. Effective experiential marketing uses events to create unified tales, engaging all senses and improving memory. Personalization customizes experiences to reflect individual tastes, making them unique. According to Schmitt and Zarantonello, experiential marketing involves incorporating brands into everyday activities to facilitate two-way communication [22]. Schmitt introduces strategic experiential modules (SEMs): perceive, feel, think, act, and relate, which address various aspects of the customer experience. Connection, control, content, currency, and conversion are key components of successful experiential marketing strategies [23].

### **2.8 Customer Loyalty**

Customer loyalty is defined as a client's willingness to continue to use a brand, product, or service as a result of pleasant experiences, contentment, perceived value, and brand trust. Watson et al. underline the relevance of client loyalty in achieving long-term profitability and competitive advantage [24]. Loyal clients provide repeat business, favorable word-of-mouth, and recommendations, which lowers marketing expenses and increases income. Ghafoor et al. argue that a devoted client base boosts a company's reputation and drives product innovation [25]. Customer-centric strategies focus providing exceptional value and experiences, building strong relationships, and assuring long-term loyalty [26]. Customer loyalty is characterized by recurrent purchases, recommendations, high sales volume, and favorable word-of-mouth [27].

### **2.9 Resource-Based View (RBV)**

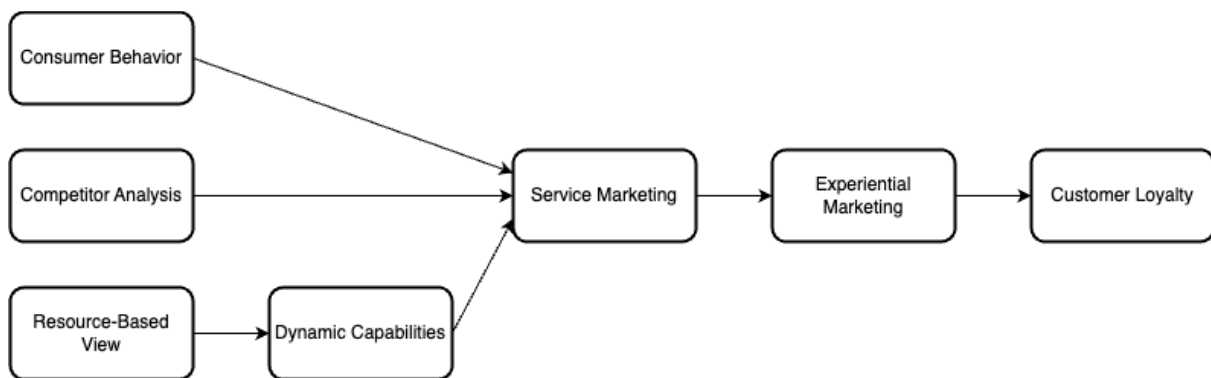
Resource-Based View (RBV) investigates organizational success using firm-specific resources [28]. It emphasizes the importance of distinctive, valuable, scarce, imperfectly imitable, and non-substitutable resources in gaining a competitive advantage [29]. RBV stresses effective resource utilization and management in order to develop capabilities that provide a competitive advantage [30]. Recent research combines RBV with Dynamic Capacity Theory (DCT) and the Antecedent-Behavior-Consequence (A-B-C) model to show how distinctive resources and strategic adaptability contribute to competitive advantage [31][32].

### **2.10 Dynamic Capabilities**

Dynamic capabilities emphasize the significance of adjusting to an ever-changing environment. Teece and Pisano define dynamic capacities as "the ability to integrate, develop, and reconfigure internal and external skills in response to changing conditions [33]." Firms must develop and update capacities in order to remain competitive. Recognizing and grasping new possibilities, inventing new technology, optimizing operations, and improving staff skills are all examples of dynamic capabilities. They differ from static capabilities by emphasizing constant adaptation and innovation. Dynamic capabilities are critical for achieving long-term competitive advantage and successful market responsiveness.

### **2.11 Conceptual Framework**

The conceptual framework focuses on how Terang may use its resources and competencies to gain a competitive edge and increase customer loyalty in the small household appliance industry. It combines consumer behavior analysis, competitive analysis, a resource-based perspective, dynamic capabilities, service marketing, and experience marketing. The approach focuses on identifying consumer categories, exploiting unique capabilities, responding to market changes, and improving customer experiences through improved service and individualized interactions. The goal is to create a devoted client base that supports Terang products, assuring long-term corporate growth and competitive advantage.



**Figure 1. Conceptual Framework (Author's Analysis)**

### III. METHOD

The objective of this study is to use Terang's core skills in after-sales service to appeal to value-conscious consumers, thereby sustaining the business. The major goal is to understand these consumers' psychographic features, including their requirements, motives, and the factors that influence their purchasing decisions. By acquiring a thorough understanding of these consumer traits, the research will examine how Terang can strategically use its service center capabilities to provide added value that outperforms competitors. A qualitative research design comprising in-depth interviews with customers and internal management is implemented. This technique enables a thorough examination of personal perspectives while maintaining uniformity and allowing for uninhibited expression. The collected material will be transcribed and analyzed using thematic coding to identify key patterns and topics. This method will provide insights into how Terang can improve its after-sales services to appeal to customers who value value above cost.

To collect primary data, this study evaluates Terang users who satisfy particular criteria and conduct a forum group discussion. This phase entails interviewing Terang product users to learn about their experiences and satisfaction with the brand and its service centers, as well as their suggestions for improvement. Non-users are also interviewed to understand why they did not choose Terang, so supporting the psychographics of price-conscious buyers. Secondary data analysis from similar magazines will be carried out to better understand how Terang and its competitors use after-sales services. Primary data collection include conducting in-depth interviews with ten Terang users and five non-users, using standardized and open-ended questions to acquire thorough insights. This dual strategy of interviewing both consumers and management yields a thorough understanding of how Terang can use its after-sales service to effectively meet the needs of value-conscious customers. Thematic analysis will be used to systematically identify and analyze patterns in the data, assuring accuracy, consistency, and reliability. This method will allow Terang to strategically improve its service centers, converting them from a reactive support mechanism to a proactive strategic asset, ultimately driving customer loyalty and business growth.

### IV. RESULT AND DISCUSSION

#### 4.1 Respondent Selection and Recruitment

A preliminary questionnaire was distributed to respondents who matched the target demographic. This initial stage was critical in ensuring that the selected respondents provided relevant and useful data.

##### 1. Age

The study split age groups into two categories: 25-34 years and 35-44 years, allowing for a thorough evaluation of potential differences in consumer behavior and preferences. This segment reflects Terang's target market, representing various life stages, expectations, and lifestyle preferences.

##### 2. Gender

The selection was limited to women because Terang's current marketing strategy targets female consumers who predominantly utilize home products. According to Solomon, understanding the demographic and psychographic characteristics of the target market is critical for designing effective marketing strategies [13].

##### 3. Socioeconomic Status

Socioeconomic status (SES) was another important component, as it primarily determines price sensitivity. The Indonesian Bureau of Statistics (BPS) classifies SES into Upper 1, Upper 2, Middle 1, and Middle 2 based on monthly expenditure and income levels [34]. The study covered three core cohorts of respondents, with a focus

on their experiences with Terang and competitor products to better understand various attitudes and expectations for after-sales services.

**4. Domicile and Location**

The study was conducted in the Greater Jakarta Raya region, which was chosen due to its high purchasing power and status as Terang's primary sales area. The region's large number of service facilities also enabled a thorough evaluation of the impact of after-sales services on customer satisfaction and brand loyalty.

**4.2 Porter's Five Forces**

The objective of using Porter's Five Forces framework was to analyze the competitive environment surrounding Terang in the small household appliances market in Indonesia, identifying strategic challenges and opportunities. The threat of new entrants is mild due to the ease of market access through e-commerce platforms, particularly by Chinese firms. However, new entrants encounter difficulties in establishing economies of scale and competing against existing distribution networks such as Terang's. Because there are so many other brands that sell identical equipment, the threat of substitute products or services is very significant. Terang mitigates this threat by providing outstanding product quality and exceptional after-sales support, resulting in long-term client loyalty.

Additionally, buyer bargaining power is high, due to increased customer awareness and price sensitivity. Terang lowers this influence by emphasizing brand loyalty through exceptional after-sales service and product quality. Supplier negotiating strength is limited, since Terang uses its broad network and purchasing tactics to reduce reliance on a single supplier and can switch suppliers or merge backward to maintain cost control and quality requirements. Competitive rivalry is moderate, and the presence of aggressively priced Chinese brands has a significant impact. Terang distinguishes itself with its established service centers and dedication to product quality and innovation. The summary of Porter's five forces for home appliance industry is shown in Table 2.

**Table 2.** Summary of Porter's Five Forces (Author's Analysis)

Porter's Five Forces	Level	Details
<b>Opportunities</b>		
Bargaining Power of Suppliers	Low	Terang can utilize its dominant market position to engage in more favorable negotiations with suppliers, thereby decreasing costs and enhancing the efficiency of its supply chain.
Bargaining Power of Buyers	High	Terang can differentiate itself attracting value-conscious consumers who prioritize reliability and support over just low prices through superior product quality and exceptional after-sales service in highly competitive market
<b>Threats</b>		
Threat of New Entrants	Moderate	The ease of market entry through e-commerce platforms increases competition, particularly from low-cost Chinese brands. However, to establish in the industry in terms of distribution need more investment to compete with big brand or market leader.
Threat of Substitute Products	High	The availability of numerous alternative brands increases the risk of consumers switching, especially if substitutes offer similar features at lower prices.
Rivalry Among Existing Competitors	High	Intense competition, particularly from aggressively priced Chinese brands, necessitates continuous innovation and differentiation to maintain market share.

**4.3 Competitor Analysis**

Kotler's marketing theory emphasizes competition analysis as critical to properly understanding market dynamics and positioning. In addition, this analysis provides insights into market trends and consumer

preferences, allowing organizations to capitalize on their strengths and close market gaps for a competitive advantage [35].

**Table 3.** Home Appliances Competitor Analysis (Author’s Analysis)

Competencies	Terang Brand	Japan Brand	China Brand
Product Quality	High quality product	High quality product	Low to moderate quality product
Pricing Strategy	Premium price	Premium price	Affordable price
Distribution Network	Strong distribution in Indonesia both offline and online channel	For home appliances segment, Panasonic still growing in Indonesia	Weak distribution in offline but strong presence in online channel
Promotion Strategy	Massive communication through media digital spending	Massive communication through media digital spending	Live streaming, Flash Sale, promotional cutting price
After Sales-Service (Physical Evidence)	Availability 64 Service centre in Indonesia, Strong presence of customer support 2-year warranty programs	Availability only few service centre in Indonesia, and mostly for TV and big home appliances	No service centre available
Personnel	Highly trained staff in store Strong customer support	Trained staff	Volume-driver and mostly play in online channel so there is no data of its staff
Process	Standardize global procedure  Not optimize service centre flow	Standardize global procedure	Leveraging e-commerce for customer interaction

Using the 7P framework, the analysis compares Terang's brand against a Japanese multinational corporation and a Chinese brand. Respondents prefer Terang because of its extensive product variety and excellent brand recognition, which instills confidence in the product's quality and endurance. Anecdotes demonstrate the importance of brand heritage and word-of-mouth in consumer decisions.

In contrast, a Japanese corporation provides dependability and innovation across multiple segments, improving user comfort and increasing client loyalty. Despite their low cost, consumers of Chinese brands frequently express displeasure with the quality and unclear warranty procedures.

Terang has a competitive advantage with its wide service center network and two-year warranty, which fosters consumer trust. However, some customers find the servicing procedure onerous and prefer digital connections or personalized engagement. Terang's educated sales team and extensive distribution network enhance consumer contacts, which frequently lead to impulsive purchases.

Key findings reveal that Terang's strengths include its service center network, talented personnel, and robust distribution network. It is difficult to compete just on price because it may erode profit margins. Terang should use its distribution network to develop home service centers closer to clients, providing more value without lowering pricing.

**4.4 Consumer Analysis**

The investigation found different preferences based on socioeconomic position and age group. Value-conscious customers want high-end airlines, premium telecommunications services, and banks that provide exceptional service and digital solutions. Price-conscious shoppers seek cost-effectiveness and basic functionality in their purchases. The study found a constant demand for domestic electrical items, driven by practical requirements and a desire for technical advancements. Value-conscious consumers value quality, dependability, and great after-sales support, whereas price-conscious consumers value affordability and basic functionality [13].

The purchasing journey consists of five stages: problem detection, information search, alternative appraisal, purchase choice, and post-purchase behavior. The investigation demonstrates significant psychographic disparities between the two age groups addressed by Terang. Younger consumers (25-34 years old) are

especially concerned with digitalization, valuing convenience, modern features, and intelligent technology. Their purchasing preferences are heavily impacted by digital trends and online shopping habits. Older consumers (35-44 years old) value human engagement, dependability, longevity, and long-term value. They prioritize quality assurance, customer support, and after-sales services, indicating a preference for consistent product performance and easy maintenance.

In the short-plan term, Terang might concentrate on addressing the older demographic by using existing resources, particularly the wide network of service centers. These service centers can be improved to increase customer satisfaction and loyalty among elderly, value-conscious customers who demand dependable after-sales assistance. This strategy would leverage on Terang's strengths and result in rapid improvements in client retention and brand loyalty. Terang's global team is developing a long-term plan to meet the needs of younger, digitally savvy consumers. This includes creating creative products and digital solutions that meet their needs for smart technology and online convenience. This long-term plan will guarantee Terang remains competitive and relevant in a market increasingly driven by technical advances and digitization.

#### **4.5 VRIO Analysis**

The VRIO framework is a strategic method for assessing a firm's competitive advantage using four criteria: value, rarity, imitability, and organization. According to the analysis, Terang's assets enable strong position in the location/availability of service centers, personnel, and service center operations process, and customer service network, all of which provide long-term competitive advantages. Meanwhile technology/infrastructure, on the other hand, provide only temporary competitive advantages because they are easily replicated.

Terang's strengths include digitalizing after-sales support and developing experience centers, both of which provide long-term competitive benefits. Furthermore, the company's excellent brand recognition and customer-centric strategy guarantee long-term consumer loyalty and preference. Innovative product features and energy efficiency are also strengths, but they only provide brief competitive benefits.

Terang's drawbacks include the transient nature of modern technology integration which is easily duplicated by competitors. Continuous innovation and development are required to maintain these advantages and remain competitive in the home appliance market.

#### **4.6 STP Analysis**

The success of any marketing strategy is dependent on effectively segmenting the market, targeting the right customer groups, and positioning the brand to fulfill their individual demands. This chapter provides a STP (Segmentation, Targeting, and Positioning) analysis for Terang home appliances, focusing on value-conscious and price-conscious consumers and emphasizing the importance of digitizing after-sales service and personalized interactions to improve consumer satisfaction and loyalty.

Market segmentation divides consumers with comparable wants, habits, or qualities into four psychographic categories: Value-Conscious Young Consumers (25-34 years) are tech-savvy professionals seeking affordable, reliable products with advanced features; Value-Conscious Older Consumers (35-44 years) prioritize quality and reliability, seeking high-quality, durable appliances with excellent after-sales service; Price-Conscious Young Consumers (25-34 years) look for budget-friendly options with essential features and are heavily influenced by promotions and user reviews; and

Terang should target value-conscious elder clients, stressing dependability, individualized connection, and great customer service, in order to foster long-term loyalty and utilize word-of-mouth recommendations. The positioning strategy should emphasize the benefits of digitalized after-sales service for young consumers and individualized interactions for older consumers, while using service centers as experience centers. The positioning statement, "Terang: Trusted Performance and Reliability with Personalized Service Center Experience," encapsulates this strategy, emphasizing durability, dependability, personalized customer service, and enhanced service centers that provide hands-on assistance, workshops, and interactive displays to engage customers and build stronger relationships.

#### **4.7 SWOT Analysis**

SWOT analysis offers a comprehensive approach to strategic decision-making [29]. Companies that conduct a rigorous review of these four components can develop well-informed strategies to improve their performance and achieve their objectives.

**Table 4. SWOT Analysis of Terang Companies (Author’s Analysis)**

SWOT Analysis	Terang as a brand	Implications towards business issue
<b>Strength</b>	<ul style="list-style-type: none"> <li>No.1 Brand Share perceived High-quality and durability products meeting European standards.</li> <li>Reachable and establish service centers in Indonesia.</li> <li>Highly trained staff</li> </ul>	<ul style="list-style-type: none"> <li>Competitive edge over rivals due to strong brand recognition.</li> <li>Perceived value enhanced by offering high-quality European-standard products.</li> <li>Convenient access to service and repairs enhances customer satisfaction compared to Chinese brands.</li> </ul>
<b>Weakness</b>	<ul style="list-style-type: none"> <li>Perceived as expensive.</li> <li>Issues with service center management.</li> </ul>	<ul style="list-style-type: none"> <li>Risk of losing market share to more affordable competitors.</li> <li>Poorly managed service centers may lead to customer dissatisfaction and decreased repeat purchases.</li> <li>Negative perception of service centers can deter recommendations and brand loyalty.</li> </ul>
<b>Opportunity</b>	<ul style="list-style-type: none"> <li>Competitor lack of service centre</li> <li>Competitor weak of customer support</li> <li>Two years warranty given by brand for consumer</li> </ul>	<ul style="list-style-type: none"> <li>Strengthening brand trust fosters deeper customer loyalty.</li> <li>Expanding market presence through enhanced service offerings.</li> <li>Dual warranties differentiate Terang and reinforce commitment to customer care.</li> </ul>
<b>Threat</b>	<ul style="list-style-type: none"> <li>Aggressive growth of Chinese brands by massive promotion offered.</li> <li>Shifting consumer behavior towards price sensitivity and brand switching.</li> </ul>	<ul style="list-style-type: none"> <li>Increased competition from Chinese brands threatens market position.</li> <li>Risk of losing market share to lower-priced alternatives.</li> </ul>

**4.8 TOWS Matrix**

Terang aims to stand out in the extremely competitive market for small household appliances by focusing on value-conscious customers who value quality and great after-sales support. According to Wehrich, the TOWS matrix is an important strategic tool that helps businesses examine their internal strengths and weaknesses in relation to external opportunities and threats [36]. This framework is critical for developing strategies that leverage an organization's strengths to capitalize on opportunities while mitigating weaknesses and controlling risks.

	<p><b>Strength</b></p> <ul style="list-style-type: none"> <li>No.1 Brand Share perceived High-quality and durability products meeting European standards.</li> <li>Reachable and establish service centers in Indonesia.</li> <li>Highly trained staff</li> </ul>	<p><b>Weakness</b></p> <ul style="list-style-type: none"> <li>Perceived as expensive.</li> <li>Issues with service center management.</li> </ul>
<p><b>Opportunity</b></p> <ul style="list-style-type: none"> <li>Competitor lack of service centre</li> <li>Competitor weak of customer support</li> <li>Two years warranty given by brand for consumer</li> </ul>	<p><b>SO Strategies</b></p> <ul style="list-style-type: none"> <li>Utilize the widespread service center network to improve customer satisfaction and build loyalty.</li> <li>Marketing tactics to advertise value-enhancing offerings and distinguish oneself from rivals.</li> </ul>	<p><b>WO Strategies</b></p> <p>Develop targeted marketing campaigns to communicate the value of after-sales services to value-conscious consumers.</p>
<b>Threat</b>	<b>ST Strategies</b>	<b>WT Strategies</b>



<ul style="list-style-type: none"> <li>• Aggressive growth of Chinese brands by massive promotion offered.</li> <li>• Shifting consumer behavior towards price sensitivity and brand switching.</li> </ul>	<ul style="list-style-type: none"> <li>• Emphasize the exceptional product quality and after sales service to maintain client loyalty in the face of competitive price tactics employed by rivals.</li> <li>• Optimization staff and process to be standardize to avoid customer dissatisfaction.</li> </ul>	<p>Address service center inefficiencies process to reduce customer dissatisfaction and mitigate competitive threats.</p>
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**Figure 2. Terang TOWS Matrix (Author’s Analysis)**

**4.9 Improvement of Service Center**

Following the TOWS analysis, our strategic priority will be to develop Terang's essential competencies, particularly its service centers. These centers have a significant competitive advantage because to their superior quality and vast network, making it difficult for competitors to imitate. Terang may further differentiate itself in the market by improving and streamlining these service centers, providing unrivaled value to clients and cementing its reputation for great after-sales service. This strategy will keep Terang at the forefront of customer pleasure and loyalty, exploiting its unique advantages to gain a long-term competitive edge.

**1. Service Centre Operations**

Terang's service centers are critical to maintaining customer satisfaction and developing brand loyalty, especially among budget-conscious clientele who demand post-purchase support. However, operational inefficiencies at these centers can cause consumer unhappiness and jeopardize the brand's reputation. To overcome this issue, Terang should prioritize increasing the efficiency and efficacy of its service centers. This can be accomplished by providing a comprehensive training program for service center personnel to ensure that they are well-prepared to handle customer complaints and rapidly fix difficulties. Furthermore, optimizing resource allocation will guarantee that each service center has the tools and personnel required to meet client needs efficiently. A strong feedback system should be created to continuously assess service quality and make required improvements, providing consistent high levels of customer service.

**2. Marketing & Communication**

Terang faces a perception problem because its products are frequently perceived as catering primarily to high-end consumers, which may repel potential customers who prefer value for money. To overcome this, Terang should prioritize developing targeted marketing strategies that effectively communicate the unique benefits and advantages of its products and services. These advertisements should showcase Terang's goods' extraordinary quality and durability, as well as the outstanding post-purchase assistance they provide. Terang can increase credibility and demonstrate the practical benefits of choosing its products over less expensive alternatives by providing testimonials, case studies, and real-life instances of delighted consumers. Furthermore, digital marketing methods such as social media engagement and content marketing can efficiently reach a larger audience and influence consumer attitudes.

**3. Customer Experience**

Making genuine connections with customers is critical for developing long-term relationships and increasing brand loyalty. Terang can improve their attempts to engage customers by offering individualized interactions and loyalty programs. This might include regular post-purchase check-ins to assure client happiness, exclusive incentives for repeat consumers, and personalized suggestions based on previous purchases. Implementing a loyalty program that rewards customers for their ongoing support can increase repeat sales and client retention. Terang can build client connections and increase good word-of-mouth referrals by properly displaying appreciation and value to its clients.

In conclusion, by focusing on strengthening service center operations, refining marketing and communication tactics, and improving the overall customer experience, Terang can preserve its competitive advantage and continue to lead in customer satisfaction and loyalty.

**V. CONCLUSION**

The study aimed to investigate the major psychographic characteristics of consumers in the small home appliances business who value product quality and after-sales service over pricing, as well as how Terang may use its strengths to cater to these customers. The investigation yielded important insights into customer

preferences, competitive strategies, and the market landscape. The data revealed that value-conscious buyers place a premium on quality, dependability, and exceptional after-sales support. These customers are well-informed, want long-term benefits, and prefer individualized connections. This sector consists of both younger consumers, who are influenced by digital trends, and elderly consumers, who value reliable items. Terang's excellent brand recognition, outstanding product quality, and wide service center network meet the needs of value-conscious customers. However, the study revealed opportunities for improvement, such as inefficiencies in service center operations and the view that Terang's products are largely for affluent customers. Addressing these flaws is critical for better satisfying the needs of value-conscious shoppers and increasing overall customer satisfaction.

As for the recommendations, Terang should focus on two subsegments: younger and older audiences, in order to strengthen its competitive position and better satisfy value-conscious customers. Terang's short-term goals include improving service center operations for older audiences, developing focused marketing initiatives, and increasing customer involvement. Key initiatives include providing a complete training program for service center employees, constructing a feedback system to monitor and improve service quality, develop consumer experience, and developing marketing campaigns that highlight the value of Terang's products and services through testimonials and case studies. Furthermore, using social media and content marketing can assist reach a larger audience and change consumer perceptions. Changing service centers into experience centers by providing workshops and instructional sessions on product care and maintenance, as well as delivering exclusive services and rewards to loyal clients, will increase customer happiness and loyalty. These strategic initiatives will solve present business difficulties while positioning Terang for long-term success in the competitive home appliance sector.

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