MARKETING STRATEGY FOR FOREIGN BRAND: NAVIGATING PRICE WARS AND NEW COMPETITORS IN INDONESIA (CASE STUDY: CHEMICAL AND ALLOY DISTRIBUTION COMPANY)

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Abstract

Indonesia's galvanizing chemical industry has become increasingly competitive because of rapid industrial growth, local market expansion, and the entry of new domestic and regional suppliers. CHEMICALLOY, a distributor of specialty chemicals from Germany, has long positioned itself as a premium supplier of specialty chemicals and alloy for galvanizing companies in Indonesia. However, because of the shifting customer preferences into faster delivery, competitive pricing, and localized service, it has become a new challenge for them in this business. To remain competitive, CHEMICALLOY must adapt and modify its marketing strategy by understanding both internal capabilities and external industry situation now. This study used a qualitative case study approach supported by semi-structured interviews with galvanizing company representatives who were involved in the business, technical side, and decision-making, including internal management. Analytical tools such as SWOT analysis were used to determine internal and external factors of company. Then it continued using TOWS matrix which was applied after identifying key internal and external factors to formulate strategic options. The analysis shows that CHEMICALLOY's primary strengths are high product quality, technical expertise, and long-term supplier relationships, while its main weaknesses involve limited local responsiveness and high lead times. Opportunities exist in growing infrastructure demand, whereas threats come from aggressive local competitors and exchange rate volatility. The study proposes three main strategic implications: enhancing customer responsiveness through maximizing local warehousing and CRM integration, strengthening consultative and value-based selling to highlight efficiency benefits and profit to customers, and developing localized marketing initiatives to improve brand proximity. Overall, the results focus in integrating global product excellence with localized service responsiveness is critical for sustaining CHEMICALLOY's competitive advantage in Indonesia's galvanizing market.

Keywords: Marketing Strategy, SWOT, TOWS, B2B, Galvanizing Chemicals, Indonesia

INTRODUCTION

Indonesia has become one of the most strategic industrial hubs in Southeast Asia, supported by its status as the region's largest economy with a population exceeding 270 million people (BPS-statistics-Indonesia, 2025). The government's large-scale infrastructure initiatives, such as Proyek Strategis Nasional, have stimulated massive demand for construction materials, especially steel, which serves as the backbone of industrial, transportation, and urban development projects (Consulting, 2025). Given Indonesia's humid and tropical climate, corrosion-resistant steel is crucial for sustainability and longevity. The galvanizing process, which uses zinc-based alloys and specialty chemicals to prevent corrosion, has therefore become indispensable (Arguillarena et al., 2021). In this context, galvanizing technology plays a vital role in sectors such as construction, automotive manufacturing, energy, and shipbuilding, where durable steel materials are essential for long-term infrastructure performance (Golding, 2025).

CHEMICALLOY, a German-based company established during World War II, has evolved from a small chemical trading business into a global industrial group with seven core business segments including chemical trade, plastics distribution, stainless steel trading, and engineering services. With more than 1,100 employees worldwide, its sales reached over €1 billion in 2022, with 30% of revenue generated from Asia. The company's strategic expansion into Southeast Asia, particularly Indonesia, reflects its commitment to supporting industrial growth through high-performance materials and localized expertise. In Indonesia, CHEMICALLOY operates as a distributor with a warehouse and office in Jakarta, importing all its products from Germany. Its galvanizing chemicals, such as K-Clean for degreasing, A-Fume for pickling, and Hega Zn-Nickel alloy for zinc optimization, help customers reduce production costs while enhancing product quality and efficiency (Arguillarena et al., 2021; da Silveira et al., 2015).

However, the Indonesian galvanizing chemical market has recently undergone major disruption. Since early 2024, local manufacturers and new European entrants, particularly from Italy and Germany, have intensified competition. Local competitors gain advantages through domestic production, lower prices, and faster delivery, while European brands compete on quality and reputation (Agyei et al., 2022; Porter, 1996). This shift has pressured CHEMICALLOY's long-standing premium market position and brand image. Customers are now increasingly price-sensitive, valuing technical support and responsiveness alongside product performance. The government's import tax policy further strengthens local players, encouraging domestic industrial growth (Chotimah, 2025). To remain competitive, CHEMICALLOY must adapt its strategy by emphasizing customer value, strengthening partnerships, and enhancing local engagement to maintain market share and long-term sustainability (Hernández-Betancur et al., 2020; Ulhaq, 2025).

REVIEW OF LITERATURE

Definition of Strategy

Strategy is defined as the long-term direction and scope of an organization that achieves competitive advantage through the effective configuration of resources and competencies (Whittington, 2020; Wandebori, 2019). It is not merely a plan but a consistent pattern of decisions and behaviors that differentiate a company from its competitors (Hernández-Betancur et al., 2020; Porter, 1985). A well-formulated strategy emphasizes

uniqueness, whether in products, services, or activities, to build sustainable differentiation and competitive strength.

Marketing Strategy

Marketing strategy refers to how a company creates customer value and builds profitable relationships by identifying target markets, understanding customer needs, and delivering superior value through differentiation and positioning (Kotler, 2018). It involves analyzing micro and macro environments, applying the STP process, and developing an integrated marketing mix. The strategy aligns with company objectives and ensures customer satisfaction and loyalty through coordinated, value-driven activities across departments.

STP (Segmentation, Targeting, and Positioning) and Differentiation

STP and differentiation are key components of a customer-driven marketing strategy, especially in B2B markets like galvanizing chemicals, where segmentation is based on firmographics, purchasing behavior, and technical needs (Kotler, 2018; Lamb et al., 2018). Targeting involves evaluating and selecting the most profitable and reachable segments, while positioning ensures that products occupy a clear, distinctive place in customers' minds (Agyei et al., 2022). Differentiation further enhances value through unique product, service, channel, people, or image attributes that establish meaningful points of difference (Kotler, 2018).

Marketing Mix

The marketing mix, known as the 4Ps (Product, Price, Place, Promotion), is a framework companies use to influence demand and deliver value (Kotler, 2018). It later expanded into the 7Ps, adding People, Process, and Physical Evidence, to better suit service and B2B industries (Booms & Bitner, 1981). This extended mix emphasizes human interaction, service quality, and communication as key drivers for customer satisfaction and long-term loyalty (Blythe, 2005).

Internal Analysis

Internal analysis identifies a firm's strengths and weaknesses by examining its resources, capabilities, and core competencies as the basis for strategy development (Hitt, Ireland, & Hoskisson, 2023; Wandebori, 2019). Resources are divided into tangible and intangible assets that, when combined effectively, create competitive advantage. Tangible resources include financial assets, physical facilities, technology, and organizational systems, which support the firm's strategic competitiveness and value creation..

RESEARCH METHOD

The research design serves as a conceptual framework that provides a systematic plan to study a scientific problem by guiding the processes of data collection, measurement, and analysis (Inaam Akhtar, 2016). It functions as the foundation of a study, outlining the planning, organization, and execution of the research to ensure that objectives are achieved. This thesis begins with identifying the problem statement and root cause within the author's company, followed by determining the key business issue. Data collection is then conducted through both primary and secondary sources to support problem-solving. Primary data are obtained through semi-structured interviews designed from the research questions (Kallio et al., 2016), focusing on CHEMICALLOY's customers, including CEOs, purchasing teams, and technical departments, as they play crucial roles in decision-making. The interviews

follow ethical guidelines (DiCicco-Bloom & Crabtree, 2006), with data transcribed and coded systematically (LeBlanc, 2010).

The purpose is to understand customer perspectives related to market conditions, supplier preferences, product value, and the overall external business environment. Triangulation and other credibility tests such as prolonged observation, increased persistence, peer discussions, negative case analysis, and member checking are employed to ensure validity and reliability (Sugiyono, 2017). Meanwhile, secondary data are gathered from company reports, sales visit documents, academic literature, industry publications, and online databases to provide broader context and reinforce findings from primary data (Ajayi, 2025). After data collection, the analysis phase involves organizing and coding data to identify patterns, themes, and insights using open, axial, and selective coding methods (Strauss, 1998; Saldaña, 2019). Open coding breaks down qualitative data into discrete categories, axial coding explores relationships among them, and selective coding integrates these insights into a cohesive conceptual framework that addresses the research objectives. Through this systematic process, the study ensures the accuracy, reliability, and practical relevance of its findings, culminating in actionable conclusions and recommendations for CHEMICALLOY's strategic development.

RESULTS AND DISCUSSION

Calculation of Carbon Emissions (PT. XYZ Calculation Concept

Market Analysis Summary (Segmentation, Targeting, and Positioning) The market analysis shows that Indonesia's galvanizing industry is mainly concentrated in West Java (38%), followed by Banten (19%) and East Java (15%), with growth potential in Sumatra and Batam. Based on production capacity, the market consists of large-scale (23%), medium-scale (42%), and small-scale (35%) producers. Most companies focus on general hot-dip galvanizing (54%), while others engage in engineering and structural fabrication (31%), pipe manufacturing (12%), and niche applications (4%). Medium kettle operations (6–11.9 m) dominate (42%) and represent the market's core segment balancing price and quality. Ownership analysis reveals that private independent firms (88%) dominate the sector, being highly price-sensitive yet fast in decision-making. The new segmentation identifies three main customer types: Type 1 (large-scale, 7 companies) as high-volume and price-aggressive players; Type 2 (medium-scale, 13 companies) as the market core balancing cost and quality; and Type 3 (small-scale, 6 companies) as loyal regional buyers focused on service flexibility. CHEMICALLOY's targeting strategy centers on Type 2 customers, as they provide sustainable volume and are open to supplier changes and technical collaboration. In terms of positioning, CHEMICALLOY stands as a mid-premium supplier of high-quality European products offering strong technical reliability and after-sales service at competitive prices, differentiating itself from both low-cost local suppliers and ultra-premium global brands.

Table 1.
Market Segmentation for the Indonesian Galvanizing Industry

Segmentation Category	Key Segments / Criteria	Main Characteristics	% of Companies	Strategic Implication
Geographic	West Java (Bekasi, Cikarang, Bogor, Depok, Tambun)	Most competitive, price-sensitive, largest sales potential	38%	Focus on cost efficiency and relationship building
	East Java & Sumatra	Growth markets, less saturated	23%	Emphasize reliability and quality differentiation
	Others (Banten, Central Java, Jakarta, Batam)	Moderate competition or isolated logistics	39%	Adapt logistics and service-based approach
Production Capacity	Large (>70,000 tons/year)	High chemical consumption, strong bargaining power	23%	Maintain but selective engagement
	Medium (20,000–50,000 tons/year)	Balance price and quality, most accessible	42%	Primary target for sustainable growth
	Small (<20,000 tons/year)	Low volume, high loyalty potential	35%	Use flexible packages and service-based retention
Project Focus	General galvanizing	Commodity market, price-driven	54%	Compete through efficient supply
	Galvanizing + Engineering/Fabrication	High-quality demand	31%	Offer premium technical products
	Pipe manufacturing / niche	Integrated or specialized production	15%	Target with customized solutions
Zinc Kettle Size	Large (≥12 m)	Continuous operation, high durability needs	27%	Supply high-performance, durable products
	Medium (6–11.9 m)	Market core, balanced priorities	42%	Align cost and quality strategy
	Small (<6 m)	Regional, low volume	31%	Build loyalty through service
Ownership	Multinational / Conglomerate	Strict evaluation, certification focus	12%	Emphasize compliance and reliability
	Private Independents	Fast decisions, price-sensitive	88%	Compete through

	flexibility and support

Condensed Market Analysis Summary (STP)

The galvanizing market in Indonesia is dominated by West Java with high competition and price sensitivity, followed by growing opportunities in East Java and Sumatra. Most firms operate at medium production capacity (20,000–50,000 tons/year) and belong to the private independent category, showing flexibility but high cost awareness. The core segment (Type 2), medium-scale galvanizers with medium kettle sizes and mixed project focus, represents the most promising market for sustainable business growth. CHEMICALLOY focuses on this segment to leverage volume stability and openness to supplier change while positioning itself as a balanced premium supplier offering European-quality products with reliable local service and technical expertise

Customer Interview

Interviews analyzed through ATLAS.ti reveal that customers switch suppliers mainly due to product failures, price competitiveness, and cost efficiency. Product quality is primarily judged by lab trial results and performance after testing, not merely by international branding. While price remains significant, it aligns equally with quality and lab performance in purchase decisions. Key sources of supplier information include peer feedback, digital platforms (LinkedIn, association websites, Instagram), and direct supplier approaches, reflecting a close-knit industry network. Customers place high importance on technical and after-sales support, fast response, problem-solving, and reliable delivery. Certifications and proven performance strongly enhance trust, while recent industry trends highlight cost reduction pressures due to government efficiency measures. Overall, customers are pragmatic and value-driven, preferring suppliers who combine technical excellence, responsiveness, and reliability over mere brand reputation. These findings reinforce the need for CHEMICALLOY to leverage its strengths in technical expertise, certified European products, and reliable local supply, while maintaining competitive pricing to sustain its market relevance.

Tangible Resources

Financial

CHEMICALLOY Group demonstrates strong financial stability with an equity ratio above 50%, ensuring independence from external creditors and long-term planning security. With registered capital of €110 million, the group maintains global credibility. Sales performance rebounded after 2020, reaching €1,054 million in 2022 before normalizing to €833 million in 2024, indicating exposure to cyclical demand and trade dependency. Despite volatility, strong equity and foundation ownership guarantee sustainable growth. The company should leverage its robust balance sheet to diversify business segments and hedge currency risks.

Organization

The company adopts a functional structure led by a Managing Director and supported by an Advisor overseeing technical aspects. Departments include Sales & Marketing, Finance, HR, Purchasing, and Logistics, each reporting directly to the Managing Director to ensure accountability and coordination. The Advisor enhances responsiveness to technical

issues but also creates dependence on a key individual. As the company grows, its compact structure may need additional layers of management to handle greater complexity.

Facility

CHEMICALLOY's tangible infrastructure includes global warehouses and distribution hubs. The Indonesian branch operates a large warehouse in Jakarta's industrial area, equipped with trucks, forklifts, and handling tools for efficient logistics. This enables faster response, local stock availability, and reliable delivery, advantages over import-only competitors. However, the lack of local manufacturing limits customization, increases import dependency, and reduces flexibility compared with local producers.

Technology

The company uses Microsoft Dynamics 365 CRM, integrating customer data and improving sales coordination through real-time insights. This supports faster service, improved follow-ups, and stronger customer relationships. Collaboration with the holding's laboratory in Germany enhances product reliability through advanced testing. Yet, the absence of an integrated ERP system causes manual coordination between sales, inventory, and supply chain, reducing operational efficiency and scalability.

Table 2.
Tangible Resources of CHEMICALLOY

Resources	Key Strengths	Key Weaknesses / Risks
Financial	•Equity ratio > 50% ensures independence. • €110 million capital builds global credibility. • Strong rebound after 2020 shows resilience. • Long-term sustainability supported by foundation ownership.	• Sales volatility due to cyclical demand. • High dependency on trade (69% of revenues). • Currency risk exposure.
Organization	• Clear functional structure ensures accountability. • Advisor provides direct technical support. • Efficient coordination among departments.	• Dependency on Advisor's expertise. • Structure may struggle if business expands.
Facility	• Global network of warehouses. • Local Jakarta warehouse enables fast delivery and stock security. • Own logistics assets reduce delivery delay and cost.	• No manufacturing/blending plant in Indonesia. • High import dependency; limited flexibility.
Technology	• Microsoft Dynamics 365 CRM improves customer management. • Real-time insights enhance service quality.	• Lack of ERP system limits data integration. • Manual workflow reduces efficiency and scalability.

	• Connection with German lab ensures product reliability.

Intangible Resources

CHEMICALLOY's intangible resources are primarily reflected in its human capital, which is one of its strongest assets. As part of a global holding company with over 1,200 employees, the Indonesian branch benefits from access to international expertise and experience. The local sales and marketing team is technically competent, possessing deep product knowledge in galvanizing and specialty chemicals, which allows them to function as both consultants and sellers. The presence of a Technical Advisor further strengthens this capability by providing specialized support in complex cases. This unique blend of technical expertise and customer-oriented skills enhances credibility, fosters customer trust, and creates a competitive advantage that is difficult for competitors to replicate. However, the relatively small size of the local team can cause slower response times when managing multiple customer sites or urgent service demands.

In terms of innovation, CHEMICALLOY leverages the holding company's corporate innovation hub, port F, which facilitates research, evaluation, and integration of new technologies across the group. Although CHEMICALLOY Indonesia does not have local R&D facilities, it benefits from the centralized research activities and technological developments of its German headquarters. This structure enables the transfer of cutting-edge knowledge and product innovation to the Indonesian market. However, differences in time zones and administrative procedures between Indonesia and Germany can delay communication and testing processes, potentially limiting responsiveness in urgent customer cases. Nevertheless, by efficiently adapting global innovations for local applications, CHEMICALLOY maintains technological relevance in the highly competitive chemical distribution industry.

Another key intangible asset is corporate reputation. As part of a holding company with more than 70 years of experience in specialty chemicals, CHEMICALLOY inherits strong brand credibility and a well-established network of partnerships with leading global producers. This association with premium German-made products enhances the company's image as a reliable, high-quality distributor in Indonesia's galvanizing market. Reputation strengthens customer loyalty, increases supplier trust, and provides negotiation leverage in business partnerships. Collectively, human expertise, global innovation support, and a reputable brand identity form an interlinked foundation of CHEMICALLOY's intangible resources, supporting its long-term competitive position in Indonesia's specialty chemical industry.

Core Competencies (Condensed Version)

The internal analysis identified CHEMICALLOY's key capabilities using the VRIO framework (Valuable, Rare, Inimitable, and Organized) to determine sources of competitive advantage. Out of seven assessed capabilities, five provide sustainable competitive advantages, while two offer competitive parity. These competencies are further validated through customer interview findings, linking strategic capabilities to real market expectations.

Table 3.
Core Competencies (VRIO and Market Alignment)

No.	Capability / Core Competence	VRIO Result	Customer-Based Evidence (Interview Themes)	Strategic Implication for CHEMICALLOY
1	Integrated Technical–Commercial Sales Capability	Sustainable Competitive Advantage	Customers value technical support, fast response, and solution-based selling; they switch suppliers mainly due to product issues, not branding.	Positions CHEMICALLOY as a consultative partner rather than a product seller; strengthens loyalty and reduces switching risk.
2	Customer Relationship and Responsiveness Capability	Sustainable Competitive Advantage	"Fast response and problem-solving" dominate customer priorities; proactive communication builds trust.	The CRM system (Microsoft Dynamics 365) and Advisor support enhance relationship continuity and create loyalty despite price pressure.
3	Global–Local Knowledge Transfer Capability	Sustainable Competitive Advantage	Customers value German-origin products and technical reliability; demand for proven field performance.	Enables CHEMICALLOY to bridge global innovation with local application, maintaining product relevance and credibility.
4	Procurement and Supplier Partnership Management Capability	Sustainable Competitive Advantage	Customers link quality assurance and availability to trusted suppliers; prefer stable sourcing.	Long-term partnerships with German principals secure quality consistency and favorable terms, hard to match by competitors.
5	Reputation and Trust-Based Market Positioning Capability	Sustainable Competitive Advantage	Customers associate CHEMICALLOY with premium quality and reliability in galvanizing chemicals.	Strong brand trust supports premium pricing and long-term positioning.
6	Supply Chain and Logistics Reliability Capability	Competitive Parity	Customers prioritize delivery speed, local stock, and certification reliability.	Jakarta warehouse and in-house logistics ensure operational reliability but can be imitated by competitors.

7	Adaptive Organizational Coordination Capability	Competitive Parity	Efficient coordination and quick decisions observed; valued but not unique.	Lean structure supports agility, though easily replicable by other firms.

CHEMICALLOY's five sustainable competitive advantages, technical-commercial sales integration, customer responsiveness, global-local knowledge transfer, supplier partnerships, and strong reputation, represent its strategic core. These strengths are tightly aligned with what customers value most: technical reliability, quick service, and trust-based relationships. Meanwhile, its logistics and organizational agility provide operational support but are not distinctive advantages. Focusing resources on strengthening the top three capabilities, technical-commercial sales, customer responsiveness, and supply reliability, will help CHEMICALLOY maintain market competitiveness and resilience amid external volatility.

Sociocultural

Sociocultural factors influence consumer preferences in the Indonesian galvanizing industry, where purchasing decisions are affected by income levels, social norms, and perceptions of value. Consumers with limited financial resources often prioritize affordability over long-term durability, choosing coating solutions instead of galvanizing due to lower upfront costs. However, premium infrastructure and industrial sectors still prefer galvanizing for its superior corrosion resistance and longer service life. This creates a natural market segmentation between cost-sensitive and quality-focused customers. For CHEMICALLOY, the challenge is maintaining competitiveness in both markets, offering value-driven communication to promote galvanizing's advantages while managing risks from market erosion caused by cheaper coating alternatives.

Technology

Technological advancements and carbon regulations are reshaping the galvanizing industry toward sustainability and energy efficiency. Innovations such as hybrid, electric, and hydrogen heating systems, automation, and energy recovery are becoming essential to comply with emission standards and reduce costs. This shift presents both pressure and opportunity for CHEMICALLOY, which can capitalize on supplying products that improve process efficiency and lower environmental impact. By promoting solutions like K-Clean, which reduces gas use in the degreasing process, CHEMICALLOY aligns its portfolio with industry trends toward cleaner and more efficient operations. The main threat lies in delayed adoption or competitors offering greener technologies earlier, but proactive innovation could position the company as a leading technology-driven supplier.

Global

The global galvanized steel market is expanding rapidly, especially in Asia-Pacific countries such as China, India, and Indonesia, driven by infrastructure and industrial growth. However, this growth is tempered by geopolitical tensions, trade restrictions, and raw material price volatility, particularly zinc, that can disrupt supply chains and affect profitability. For CHEMICALLOY, opportunities lie in leveraging its technical expertise and high-quality products to stand out in premium segments where long-term value and durability are prioritized. Yet, global instability and competition from both multinational and local

suppliers require the company to strengthen its supply chain resilience and market differentiation to maintain its position amid uncertainty.

Demography

Demographic changes such as rapid population growth and urbanization in emerging markets like Indonesia and India are fueling demand for infrastructure and industrial expansion, thereby increasing the need for galvanized steel and related specialty chemicals. However, income inequality creates distinct market segments, price-sensitive buyers who prefer affordable products and premium customers seeking high-quality, sustainable solutions. CHEMICALLOY can benefit from this growth by supplying efficient, tailored chemicals for diverse market needs, but must also navigate the challenge of serving both ends of the market. The company's success depends on its ability to adapt offerings for developing regions while maintaining profitability and product quality.

Physical

Environmental and sustainability pressures are becoming crucial in the galvanizing industry, as most carbon emissions come from steel and zinc production. Governments and customers increasingly demand cleaner processes and products with lower carbon footprints. CHEMICALLOY has an opportunity to differentiate itself by providing eco-efficient chemicals and alloy products that help galvanizers meet strict environmental standards and achieve net-zero goals. However, failure to innovate or align with these green standards could cause loss of market share to competitors who adopt sustainable technologies earlier. Thus, sustainability is no longer optional but a key determinant of future competitiveness and market relevance.

Industry Analysis – External

The specialty chemicals industry in Southeast Asia is growing steadily, driven by infrastructure, construction, and agricultural development. Within this market, galvanizing chemicals are closely linked to the construction sector, benefiting from increased urbanization and industrial projects. Using Porter's Five Forces framework, the analysis shows that rivalry among competitors and buyer power are high, barriers to entry are low, and substitutes such as coating pose moderate threats. Supplier power remains low, allowing some control over input costs. Overall, industry profitability is limited by competition and price pressure, making innovation, technical expertise, and sustainability essential for maintaining CHEMICALLOY's competitive advantage.

Competitor Analysis

CHEMICALLOY initially dominated Indonesia's galvanizing specialty chemicals market through its strong local presence, warehousing, and technical support. However, competition has intensified with new local manufacturers and established European suppliers entering the market. Local competitors gain cost advantages through domestic production and faster service, while European brands compete on quality and reputation. Some rivals, like CHEMICALLINDO and CHEMICATUR, differentiate through technical service, environmental compliance, or complete plant solutions. This growing competition pressures CHEMICALLOY to strengthen its value proposition, focusing on innovation, technical excellence, and sustainable solutions to retain leadership in a market that's becoming increasingly fragmented and competitive.

SWOT Analysis

Strength

CHEMICALLOY's strengths are fundamentally consist of its technical commercial excellence, global innovation connection, and customer trust. The company's sales team combines engineering knowledge with consultative and technical selling, allowing it to deliver value beyond product transactions. Its access to German R&D and Port F innovation hub ensures a steady flow of advanced and sustainable update of technical things, while high product quality and responsive technical support reinforce its reputation as a reliable and premium supplier. The Jakarta warehouse and owned logistics units can strengthen local service reliability, and financial backup from the holding group and enhance long-term stability. At last, these strengths can create a strong foundation and fundamental to maintain customer loyalty and differentiate through quality, service, and technical expertise rather than price.

Weakness

Despite its solid foundation, CHEMICALLOY faces several internal concerns that could limit scalability and local competitiveness. The company lacks local manufacturing facilities such as factory, reducing flexibility in customizing formulations. Its small local team and the existence of technical advisor could increase the dependency and pose risks to responsiveness and knowledge continuity. Additionally, import-based cost structures expose it to currency fluctuations, while the time-zone gap with Germany slows R&D and further technical coordination. Finally, brand recognition is limited beyond the galvanizing sector, restricting diversification opportunities.

Opportunity

The external environment can provide multiple growth and modernization opportunities. Government regulations promoting industrial efficiency and sustainability (PR No. 12/2021) align perfectly with CHEMICALLOY's eco-efficient products. The expansion and existence of National Strategic Projects (PSN) and the automotive including construction sectors, can create increasing demand for galvanized steel and its additives. Furthermore, trends of sustainable chemicals and renewable energy has potential to open new markets for advanced corrosion protection using galvanizing method. Additionally, CRM and analytics can be leveraged to strengthen predictive customer engagement, while strategic partnerships with galvanizers can lock in long-term collaboration and joint process improvement.

Threat

CHEMICALLOY company is operating in a highly competitive, price-sensitive environment where local suppliers and regional imports (example from China and India) has potential to compete aggressively on cost. Currency volatility and rising freight prices further squeeze margins, while customer switching behaviour adds instability. Supply chain disruptions and slow adoption of premium products among smaller galvanizers threaten demand consistency. Moreover, imitation of technical advice and claims of similar performance by competitors risk eroding CHEMICALLOY's knowledge based.

CONCLUSION

The galvanizing market in Indonesia presents a challenging environment for CHEMICALLOY due to both local and international competition. Local entrants with domestic manufacturing and R&D capabilities offer similar quality at lower prices,

benefiting from tax and distribution cost savings. At the same time, European competitors have entered the market with comparable quality and competitive pricing, diminishing CHEMICALLOY's previous exclusivity. Moreover, customer preferences have shifted toward cost efficiency, technical support, and faster delivery, reducing the willingness to pay a premium for imported European products. These market dynamics underscore the need for CHEMICALLOY to strengthen its internal capabilities, enhance customer value, and optimize operational efficiency to remain competitive and sustain market share.

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