

# Competitive Advantage Ritel 212 Mart to Increase Company Reputation

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**Abstract:** The purpose of this study was to determine the Competitive Advantage of 212 Mart to Increase the Company's Reputation. This research uses quantitative and qualitative research methods. The sampling technique used was purposive sampling. Data collection has used a questionnaire. The data analysis technique uses Structural Equation Modeling (SEM) analysis which is processed with Smart PLS 3.0 for quantitative analysis, while for qualitative analysis using IE, CPM, TOWS, and QSPM. The results of quantitative research prove that Brand Image, Service Quality, and Innovation each have an effect on Competitive Advantage and on the company's reputation. As for the results of the strategy analysis research through the input stage strategy with CPM, the matching stage with TOWS and the decision stage with QSPM, the strategy used from the QSPM results is market penetration. The implication of this study for 212 Mart has to pay attention to brand image, service quality, and innovation to improve its corporate reputation.

**Keywords:** brand image, service quality, innovation, competitive advantage, and company reputation

## I. INTRODUCTION

Retail business is a business that involves selling goods or services to consumers in units or retail. Consumers who buy products or services in retail are intended to consume them or use them personally and do not resell them. The retail business of goods is divided into three types of formats: Traditional Market (morning market), Supermarket / Hypermarket Format, and Convenience Format or better known as Minimarket Format.

Retail sales in Indonesia fell 2.2 percent year-on-year in September 2021 after falling 2.1 percent a month earlier. This is the third straight decline in retail trade, as consumption remains subdued amid disruptions caused by the spread of the COVID-19 Delta virus. Sales continued to decline for clothing (-12.0% vs -14.6% in August), automotive parts & accessories (-10.1% vs -3.7%), cultural & leisure goods (-12.5% vs -16.3%), information & communication equipment (-28.8% vs -32.4%), and household appliances (-24.9% vs -20.3%). On the other hand, sales of food, beverage & tobacco rose further (5.3% vs. 5.8%) supported by higher fuel sales (22.8 vs. 5.9%). On a monthly basis, retail sales fell 1.5 percent, after dropping 2.1 percent in August (Setiaji, 2021).

The minimarket format continues to grow due to a shift in the destination of shopping places from other business formats: Supermarket and Traditional Market formats. All

shifts occur in urban areas (Urban) and in rural areas (Rural area). As a result of the growth of the middle class, the number of minimarkets has reached more than forty thousand with the addition of more than a thousand every year. This minimarket format accounts for 21% of FMCG sales value and grew by 8% in 2018 (vs. total market 1%), with 75% of consumers shopping in this format and visiting it on average twice a week (Sasongko, 2019).

Starting from the 212 action in December 2016, the pioneers then officially established the Sharia Cooperative in January 2017. This sharia cooperative took the momentum and enthusiasm by establishing a convenience store format: 212 Mart. They target Muslim customers and with a business strategy meet the needs of the Muslim community as a core competitive value.

Sharia Cooperative 212 has been officially established since January 24 2017, this is based on the Decree of the Minister of Cooperatives and Small and Medium Enterprises Number 003136/BH/M.KUKM.2/I/2017 and Deed No.02 dated January 10, 2017. The deed was submitted by Notary Surjadi, SH, MKn, MM and accepted on January 19, 2017.3 The Syaria'h 212 Cooperative is due to its congregational nature (from the people, by the people and for the people) throughout Indonesia. 212 Mart as a product of the 212 Sharia Cooperative was officially launched for the first time on May 10, 2017 with the first outlet located at Jl. KH. Abdullah Bin Nuh, Ruko No. 80 Yasmin Park Sector VI, Bogor. 212 Mart is a minimarket brand of the Sharia Cooperative 212.

This franchise minimarket sells people's daily necessities such as staples, household supplies, stationery, and others. In contrast to minimarkets in general, 212 Mart does not sell cigarettes, liquor, contraceptives and non-halal products. In running its business, 212 Mart provides stalls for Micro, Small and Medium Enterprises (MSMEs) to be able to sell their products.

In its journey since its founding, 212 Mart continues to experience changes and ups and downs. At the beginning of its establishment, with the spirit of 212's action, this retail continued to grow, even in 2019 212 Mart's revenue increased by 267%. However, as time went on, many things began to be encountered which became a problem at 212 Mart retail. Starting with incomplete product availability, consumer complaints due to inadequate service to fraud, causing investors to lose money from retail 212 Mart in Samarinda

amounting to Rp. 2.25 billion. The impact of these weaknesses caused several of 212 Mart to close their stores in several locations. In terms of service, 212 Mart also does not display innovations that differentiate it from other competitors so that it does not support the establishment of the Brand Image of 212 Mart itself.



Figure 1. One of the 212 closed marts in Beji Depok

Table 1. Survey of 212 Mart

No.	Statement	Answer. (%)		Number of respondents	Target in %
		Yes	No		
1	I'm about the brand 212 Mart	43.3	56.7	30	100
2	212 Mart often has promotions	26.7	73.3	30	100
3	212 Mart is the choice for shopping	33.3	66.7	30	100
4	212 Mart is convenient for shopping	30.0	70.0	30	100
5	Prices at 212 Mart are competitive with other retailers	40.0	60.0	30	100
6	Transactions at 212 Mart are fast and easy	23.3	76.7	30	100
7	212 Mart is very innovative	13.3	86.7	30	100

Source: Edited by the author, 2022

From the results of a pre-survey conducted by the author on 30 respondents, the average respondent still gives a low value to several statements about 212 Mart including Brand Image, service quality and innovation. The quality of this service is very influential on the reputation of the company. The better service quality will increase the company's reputation. The accumulation of good service quality continuously will make the company known as a good company in terms of service so that the company's image increases. A good image in the eyes of consumers shows that the company gets a good view so that its reputation increases. Bakrie et al (2019) prove that service quality affects the company's reputation. These things are interesting to be the object of research on how Brand Image, innovation and service quality affect the Competitive Advantage of 212 MART and also to see their effect on the reputation of 212 Mart.

## II. LITERATURE REVIEW

### 2.1 Brand Image

Understanding image (image) according to (Kotler, 2009: 57) is a belief, idea, and someone's impression of something. Image is an impression, impression, feeling or perception that exists in the public about a company, object, person or institution. For companies, image means the public's perception of the company's identity. A good image will have a positive impact on the company, while a bad image will have a negative impact and weaken the company's ability to compete. According to Supranto, 2011: 128) "Brand image is what consumers think or feel when they hear or see the name, a brand or in essence what consumers have learned about the brand." According to (Rahman, 2010: 181): "brands can strengthen self-image and other people's perceptions of the user / owner."

According to Keller (in Indratama, 2014), states that Brand Image measurement can be done based on aspects of a brand, namely:

a. Strength (strength). Strength refers to various advantages possessed by the relevant brand that are physical, and are not found in other brands. The advantages that can be considered as an advantage compared to other brands. Included in this strength group are, among others: the physical appearance of the product, the functioning of all the facilities of the product, the price of the product, as well as the appearance of the supporting facilities of the product concerned. Strength is the strength of brand associations depending on how the information enters the consumer's memory and how the process persists as part of the Brand Image.

b. Uniqueness (uniqueness). Uniqueness is the ability to distinguish a brand from other brands. This unique impression arises from product attributes, a unique impression means that there is a differentiation between one product and another. Included in this unique group include: service and price variations and differentiation.

c. Favorite. Favorable refers to the ability of the brand to be easily remembered by customers. Included in this favorite group are: the ease with which the product brand can be pronounced, the ability of the brand to be remembered by customers, as well as the compatibility between the impression of the brand in the minds of customers and the image the company wants for the brand. In measuring a brand, not only from the physical appearance but also from the promised benefits and the level of benefits that can be obtained by users of a service. According to Kotler and Keller (2009), image must be built through all existing and sustainable media and the message can be conveyed through symbols, visual media, atmosphere, and events. The company's ability to create attributes in the form of symbols, media, or other forms of visualization so that consumers can easily remember them.

## 2.2 Service Quality

The concept of quality is often considered as a relative measure of the goodness of a product or service consisting of design quality and conformity quality. Design quality is a function of product specifications, while conformance quality is a measure of how far a product is able to meet predetermined quality requirements or specifications. Service quality according to Zeithaml and L. Berry (2009:94) is a comparison between the service expected by consumers and the service they receive. Meanwhile, according to Tjiptono (2014: 268), service quality focuses on efforts to fulfill consumer needs and desires and the accuracy of delivery to balance consumer expectations. Meanwhile, according to Lupiyoadi and Hamdani (2014: 183) Service Quality is the overall characteristics and characteristics of a product/service in meeting consumer needs and tastes. Measurement of service quality in the SERVQUAL model is based on a multi-item scale designed to measure consumer expectations and perceptions, as well as the gap between the two in the main dimensions of service quality. Basically, there are three quality orientations that should be consistent with each other, namely: consumer perceptions, products (services), and processes. For tangible goods, these three orientations can almost always be clearly distinguished, but not for services. While services, products and processes may not be clearly distinguished, even the product is the process itself. According to Fandy Tjiptono (2014: 282), there are 5 dimensions, namely:

- 1) Reliability, namely the ability to provide the promised service immediately, accurately, and satisfactorily.
- 2) Responsiveness, namely the desire of the staff to help consumers and provide responsive services.
- 3) Assurance, which includes the knowledge, competence, courtesy, and trustworthiness of the staff; free from danger, risk or doubt.
- 4) Empathy, which includes ease in establishing relationships, good communication, personal attention, and understanding of the individual needs of consumers.
- 5) Physical evidence (tangibles), including physical facilities, equipment, employees and means of communication

## 2.3 Innovation

According to Kotler and Keller (2009), innovation is an idea, idea, product or service that is new from one's thinking. Simply put, innovation means a new breakthrough related to a product or service. Kotler added that innovation can develop not only in the field of products and services, but innovation is a new thought that every company must have in order to offer more innovative products and services that make consumer satisfaction fulfilled and can survive in competition in market share. According to Kotler and Keller (2016: 454) the indicators of a product innovation are: Is a new product for the

world, Improvements from previous products, New product lines, Additions to pre-existing product lines. Robbins and Coulter (2006) defined innovation as the process of taking creative ideas and turning them into useful products or work methods.

A business that is able to innovate can lead and minimize the possibility of competitors to innovate early. Therefore, business people must prepare an innovation strategy for their business in order to create an advantage over competitors. The true value of innovation is expressed in an outcome (outcome) such as a traded product. A company's ability to trade innovation can help dominate current markets or develop new markets, contributing to continued industry leadership. Thus, success in commercializing innovation is an important strategy for companies (Datta, et al., 2013).

According to Peter F. Drucker (2010:9) innovation is as changing the value and satisfaction obtained from resources by the consumer. (such as changing the value and satisfaction obtained from resources by consumers) "According to Wang & Ahmed (2004:2) Innovation organization as an organization's overall innovative ability to introduce a new product to a market, or open a new market, through combining strategic orientation with innovative behavior and processes. According to the OECD Oslo Manual (2005:46): "Innovation is the implementation of a new or significantly improved product (good or service), or process, a new marketing method, or a new organizational method in business practices, workplace organization or external relations (Innovation is the adoption of new or significantly improved products (goods or services), or new processes, marketing methods, or new organizational methods in business practices, workplace organizations or external relations). According to Damanpour, et al. (2009:652) "Innovation as new to the adopting organization. (Innovation as a new thing for organizational adoption." Sutarno (2012:132) argues that innovation is the transformation of knowledge into new products, processes and services, the act of using something new.

Innovation indicators according to Tewel (2010) are: 1) Number of new products/services, 2) New product/service sales turnover, 3) Introduction of new systems, 4) Adaptation of new products/services, 5) Adaptation of new systems, 6) Expenditure budget for research and development.

From the definitions above, they have something in common, that innovation is creating something new or an improvement from what already exists, the difference is in terms of emphasis. From the combination of all the expert opinions above, the authors argue that the appropriate innovation for 212 MART is product & service innovation that is in accordance with their business character

According to de Jong et al (2003), Innovation in services has 4 dimensions, namely as follows:

1. New services concept (the concept of new services/services),



2. New Client interface (meet/face to face with new customers)
3. New service delivery system (new service delivery system)
4. Technological options

#### 2.4 Competitive Advantage

The definition of competitive advantage itself has two different but related meanings. The first definition emphasizes excellence or superiority in terms of resources and expertise owned by the company. Companies that have competence in the fields of marketing, manufacturing, and innovation can use them as sources to achieve competitive advantage. According to Droge and Vickrey (1994) through these three areas of competence, companies can develop strategies so that they can produce products that sell well in the market. While the second understanding emphasizes excellence in achieving performance so far. Some of the indicators used to measure competitive advantage are uniqueness, rareness, not easy to imitate, and competitive prices. Product uniqueness is the uniqueness of the company's products that combine artistic values with customer tastes. Competitive price is the company's ability to adjust the price of its products to the general price in the market. Not easy to find means its existence is rare in the current competition. Not easily imitated means cannot be imitated perfectly.

According to (Adiputra and Mandala, 2017): Competitive advantage is a set of factors that distinguish a company from its competitors. From a strategic perspective, the key to business success, namely the development of a unique competitive advantage, is an advantage that produces things that are difficult for competitors to imitate and value for customers. Companies that have a competitive advantage will be able to achieve above-average profits and will become leaders in the market.

Competitive advantage is the result of implementing strategies that utilize various human resources owned by the company. According to Porter, competitive advantage can not only be understood by looking at a company as a whole in designing, producing, marketing, delivering and supporting its products. Competitive advantage is a profit strategy for companies that cooperate in creating more effective competition in their markets. Competitive advantage is a company formulation strategy designed to achieve opportunities that cannot be imitated by competitors to maximize profits and be profitable (Pakaya, 2011).

Competitive advantage is the key to success for organizations or companies that are in an environment that is continuously undergoing rapid changes in a tight competitive environment and in an increasingly short period of time (Utama, 2010). So this competitive advantage can be achieved by utilizing existing resources in the company.

Dimensions of Competitive Advantage: Competitive advantage is the ability of an organization to attract customers and build prestige for the organization or its products as well

as to increase the perceived value for customers and to satisfy them, which also includes the ability to provide diverse values for customers (Al Bakri 2008). Competitive advantage is needed by the company because it has a direct impact on the company's performance.

Competitive advantage according to Sihite et al (2016) is measured through several dimensions and indicators, namely:

- a. Time (delivery time, consistency and supply chain).
- b. Quality (quality of service, standards, and guarantees).
- c. Cost (production cost, efficiency, and economy).
- d. Flexibility (customer requirements, operational and organizational flexibility).
- e. Differentiation (known by employees, recognized by customers, gives more value).

#### 2.5 Company Reputation

According to Afdhal, in the journal Roy Martin Tarigan (2014) a company's reputation is an intangible asset. The state of reputation will depend on what the company does as an entity. Furthermore, it will depend on the communications and signals chosen to be presented to the market. A symbol of reputation, the name of the company, if managed properly, will present the company to be supported by the community. It will even be of great value to consumers.

According to Herbig, Millewicz, Golden in the journal Rofifah Mau'idzah (2015) basically the company's reputation is an award obtained by the company because of the advantages that exist in the company, namely the capabilities possessed by the company so that the company will continue to be able to develop itself to continue to be able to create new things to meet consumer needs. Besides that, there is also a high level of integrity on the part of service providers for services provided to consumers so that companies can provide the best service, the ability of service providers to be able to establish close relationships with consumers so that the company can provide services that suit various consumers.

#### 2.6 Strategic Management

According to Fred David (2011: 176), the strategic planning analysis framework is divided into three stages, namely the Input Stage, Matching Stage, and Decision Stage.

##### 2.6.1 Input Stage

###### *External Factor Evaluation (EFE) Matrix*

An external factor evaluation (EFE) matrix allows strategists to summarize and evaluate economic, socio-cultural, demographic, environmental, political, governmental, legal, technological and competitive information.

###### *Competition Profile Matrix – CPM (Benchmarking)*

Zimmerer, Scarborough and Wilson (2008) define the Competitive Profile Matrix (CPM) as a tool that can help

companies to assess the company's internal against their main competitors by using Critical Success Factors for that industry. Zimmerer (2008) stated that there are three steps to building a CPM, with the first step is to find the Key Success Factors (KSF) for the company and give weights to these factors according to their relative importance. CPM is a strategic analysis tool that provides several benefits for companies. This CPM is proactive in increasing knowledge that can provide strategic agility for the company, as well as creating Competitive Advantage and growth in company productivity.

#### *Internal Factor Evaluation Matrix (IFE)*

The Internal Factor Evaluation (IFE) Matrix is a strategy formulation tool that summarizes and evaluates the main strengths and weaknesses in the company's functions. It also provides a basis for identifying and evaluating the relationships among these functions. An in-depth understanding of the factors involved is more important than the actual numbers.

#### *2.6.2 The Matching Stage*

The use of this matrix requires the company's internal and external factors through a SWOT analysis before a strategy can be prepared. The development of strategies to answer the problems in point 8 in the problem formulation will be carried out using the TOWS matrix. This matrix consists of four strategies, namely the WT, WO, ST, and SO strategies. The following is an explanation of these strategies:

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- 1) WT (Weaknesses-Threats) Strategy. The main objective of this strategy is to minimize existing weaknesses and threats. Organizations that are faced with various external threats and internal weaknesses can be in a precarious position and must be able to implement this strategy.
- 2) WO (Weaknesses-Opportunities) strategy. The purpose of this strategy is to minimize weaknesses and maximize existing opportunities. A company may get a great opportunity to develop its business but is hindered by the weaknesses of the company's internals. Therefore, companies need to implement a strategy that can minimize these weaknesses in order to maximize the opportunities that exist.
- 3) ST strategy (Strengths-Threats). This strategy is made based on the company's strengths in dealing with threats that exist in the environment with the aim of maximizing the strengths it has and minimizing the effects of existing threats. In carrying out this strategy, the power possessed must be controlled properly and used wisely.
- 4) SO Strategy (Strengths-Opportunities). This strategy is the most often applied because of its mutually supportive implementation, namely using the

strengths they have to take advantage of existing opportunities. TOWS Matrix Table as follows:

#### *2.6.3 The Decision Stage*

The concept of QSPM (Quantitative Strategic Planning Matrix) determines the relative attractiveness of various strategies that are built based on important external and internal success factors. The relative attractiveness of each alternative strategy can be included in the QSPM, and any number of strategies can be included in each of these sets, but only strategies within a given set are evaluated relative to one another.

### III. RESEARCH METHODS

This study uses a mix method approach, namely quantitative and qualitative. The research location is at 212 Mart with a research sample of 225 respondents. In this study, quantitative data will be collected using instruments and the information will be analyzed using statistical procedures, namely SEM and hypothesis testing, while qualitative data will be analyzed using the IFE-EFE matrix and TOWS and QSPM matrix.

### IV. RESULTS AND DISCUSSION

#### *1. Descriptive Statistical Analysis Results*

Respondents' responses to the Brand Image variable are included in the agree category, because the average answer value from the respondents is 3.77 which is in the range of 3.41 - 4.20. This means that 212 Mart gets a high/good score from the respondents. Respondents' responses to the Service Quality variable are included in the agreed category, because the average value of the answers from respondents is 3.55 which is in the range of 3.41 - 4.20. This means that Service Quality 212 Mart received a good response from the respondents.

In table 4.3 it is explained that the respondents' responses to the innovation variable are included in the agree category, because the average answer value of the respondents is 3.6 which is in the range of 3.41 - 4.20. This means that the innovation of 212 Mart gets a good response from the respondents.

Respondents' responses to the Competitive Advantage variable are included in the agree category, because the average answer value from respondents is 3.63 which is in the range of 3.41 - 4.20. This means that Competitive Advantage 212 Mart received a good response from the respondents. Respondents' responses to the company's reputation variable are included in the agree category, because the average value of the answers from respondents is 3.74 which is in the range of 3.41 - 4.20. This means that the reputation of 212 Mart received a good response from the respondents.

#### *2. Results of Statistical Calculations Using SEM Analysis*

This hypothesis testing stage is carried out after the structural model evaluation stage is carried out. This stage is

carried out to determine whether the research hypothesis proposed in the research model is accepted or rejected. To test the proposed hypothesis, it can be seen from the original sample and the T-Statistic value through the bootstrapping procedure.

Table 2. Hypothesis Testing Results

Hypot he sis	Variable	Correlat ion	T- value	T- table
H1	Brand image → Competitive advantage	0.272	2.579	1.96
H2	Service quality → Competitive advantage	0.430	3.557	1.96
H3	Innovation → Competitive advantage	0.248	3.909	1.96
H4	Brand image → Reputation Company	0.454	4.899	1.96
H5	Service quality → Reputation Company	0.318	3.559	1.96
H6	Innovation → Reputation Company	0.106	2.062	1.96
H7	Competitive advantage → Reputation Company	0.117	1.968	1.96

Source: PLS Output, 2022

Based on the results of hypothesis testing in table 2, it can be explained as follows:

1) *H1: Brand Image affects Competitive Advantage*

Hypothesis 1 explains the effect of Brand Image on Competitive Advantage. By looking at the results of the existing data processing, it is known that in the table above the value of  $t \text{ stat} = 2.579 > 1.96$  so that  $H_0$  is rejected, and  $H_1$  is accepted, this means that the Brand Image variable has a positive and significant effect on the Competitive Advantage variable.

2) *H2: Service Quality affects Competitive Advantage*

Hypothesis 2 explains the effect of Service Quality on Competitive Advantage. By looking at the results of the existing data processing, it is known that in the table above the value of  $t \text{ stat} = 3.557 > 1.96$  so that  $H_0$  is rejected, and  $H_2$  is accepted, which means that the Service Quality variable has a positive and significant effect on the Competitive Advantage variable.

3) *H3: Innovation Affects Competitive Advantage*

Hypothesis 3 explains the effect of Innovation on Competitive Advantage. By looking at the results of the existing data processing, it is known that in the table above the value of  $t \text{ stat} = 3.909 > 1.96$  so that  $H_0$  is rejected, and  $H_3$  is accepted, which means that the Innovation variable has a positive and significant effect on the Competitive Advantage variable.

4) *H4 : Brand Image Affects Company Reputation*

Hypothesis 4 explains the effect of Brand Image on Company Reputation. By looking at the results of data processing, it is known that in the table above, the value of  $t \text{ stat} = 4.899 > 1.96$  so that  $H_0$  is rejected, and  $H_4$  is accepted, which means

that the Brand Image variable has a positive and significant effect on the Company's Reputation variable.

5) *H5: Service Quality Affects Company Reputation*

Hypothesis 5 explains the effect of Service Quality on Company Reputation. By looking at the results of the existing data processing, it is known that in the table above the value of  $t \text{ stat} = 3.559 > 1.96$  so that  $H_0$  is rejected, and  $H_5$  is accepted, which means that the Service Quality variable has a positive and significant effect on the Company's Reputation variable.

6) *H6: Innovation Affects Company Reputation*

Hypothesis 6 explains the effect of Innovation on Company Reputation. By looking at the results of the existing data processing, it is known that in the table above the value of  $t \text{ stat} = 2.062 > 1.96$  so that  $H_0$  is rejected, and  $H_1$  is accepted, which means that the Innovation variable has a positive and significant effect on the Company's Reputation variable.

7) *H7 : Competitive Advantage Affects Company Reputation*

Hypothesis 7 explains the effect of Competitive Advantage on Company Reputation. By looking at the results of the existing data processing, it is known that in the table above the value of  $t \text{ stat} = 1.968 < 1.96$  so that  $H_0$  is accepted, and  $H_7$  is rejected, this means Competitive has a positive and significant effect on the Company's Reputation variable.

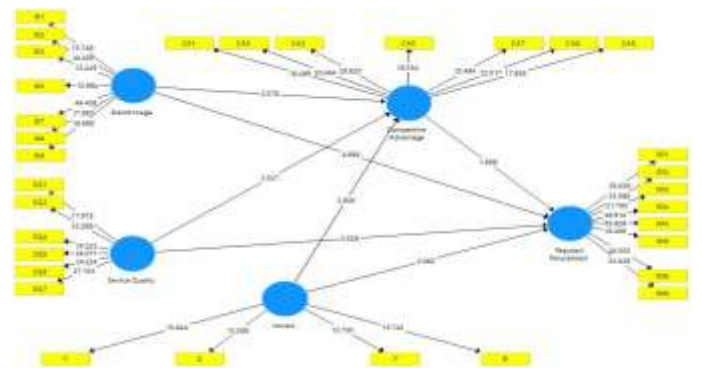


Figure.2. Results of the SmartPLS Algorithm

3. Discussion of Hypothesis Test Results

Based on the results of quantitative data to answer the formulation of the problem that the researcher made, it can be explained that each of the results of the hypothesis is as follows:

a. *Effect of Brand Image on Competitive Advantage*

The results of hypothesis testing prove that Brand Image has a significant effect on Competitive Advantage 212 Mart in the Depok and Bogor areas. This means that if the Brand Image is increasing, it will have an impact on increasing the Competitive Advantage.

Based on the results of this study, it supports previous research by Safiji, L (2017) which proves that Brand Image has an effect on Competitive Advantage. Likewise,

Wahyuningsih, S (2019)'s research proves that Brand Image has an effect on Competitive Advantage.

Brand Image is the public's perception of the company or product. Image is influenced by many factors beyond the company's control. Understanding image (image) according to (Kotler, 2009: 57) is a belief, idea, and someone's impression of something. Image is an impression, impression, feeling or perception that exists in the public about a company, object, person or institution.

212 Mart needs to continue to improve its Brand Image not only as retail for certain circles but more universally so that it reaches more consumers. Positive impressions, feelings and perceptions that are formed will help make 212 Mart's Brand Image a competitive advantage.

#### *b. Effect of Service Quality on Competitive Advantage*

The results of hypothesis testing prove that Service Quality has a significant effect on Competitive Advantage. This means that with the increase in Service Quality of 212 Mart, it will have an impact on increasing the Competitive Advantage of 212 Mart.

This research supports previous research by Hidayatullah et al (2019) which proves that there is a positive influence between Service Quality and Competitive Advantage. Similarly, Sumargo, J.N (2021) proves that there is a positive influence between Service Quality and Competitive Advantage. Putri, D.K.A (2018) stated that there is a strong and positive relationship between service quality and product innovation with Competitive Advantage.

Service quality according to Zeithaml and L. Berry (2009:94) is a comparison between the service expected by consumers and the service they receive.

Meanwhile, according to Tjiptono (2014: 268), service quality focuses on efforts to fulfill consumer needs and desires and the accuracy of delivery to balance consumer expectations. Meanwhile, according to Lupiyoadi and Hamdani (2014: 183) Service Quality is the overall characteristics and characteristics of a product/service in meeting consumer needs and tastes.

The expected service quality from 212 Mart is the availability of goods and services in accordance with consumer needs (assurance, reliability and responsiveness) so that consumers feel comfortable shopping at 212 Mart. With the Service Quality in making transactions with 212 Mart, consumers feel satisfied in using the services of 212 Mart.

#### *c. The Effect of Innovation on Competitive Advantage*

The results of hypothesis testing prove that innovation has a significant effect on Competitive Advantage. This means that with increasing innovation, it will have an impact on increasing the Competitive Advantage of 212 Mart.

The results of this study support previous research by Putri, D.K.A (2018) which proves that Service Quality and

innovation have an effect on Competitive Advantage. Likewise, Ani, M. (2020) proves that product innovation has an effect on Competitive Advantage. Setiawan, H. (2017) proves that market orientation, technology orientation and product innovation have an effect on Competitive Advantage.

Innovation is to create something new or an improvement from an existing one, the difference is in terms of emphasis. A business that is able to innovate can lead and minimize the possibility of competitors to innovate early. Therefore, business people must prepare an innovation strategy for their business in order to create an advantage over competitors. 212 Mart is lacking in innovating both product innovation and process innovation so that it is less able to compete.

#### *d. The Influence of Brand Image on Company Reputation*

The results of hypothesis testing prove that Brand Image has a significant effect on Company Reputation. This means that with the increasing Brand Image, it will have an impact on the increasing reputation of 212 Mart.

The results of the study support previous research by Sugiarti, N.W. (2015) which states that the better the company's brand image, the better the company's reputation. Likewise, Priyadi, A., et al (2020) in their research also proves that Brand Image affects the company's reputation.

The company's reputation is built over several periods and is represented as the consistency of the attributes attached to the company. The good and bad reputation of the company can be influenced by past experiences of customers, someone's recommendations, media coverage of the company, and the company's public relations. 212 Mart must improve the Brand Image in the eyes of consumers to further enhance the company's reputation.

#### *e. Influence of Service Quality on Company Reputation*

The results of hypothesis testing prove that Service Quality has a significant effect on Company Reputation. This means that with the increasing Service Quality of 212 Mart, it will have an impact on increasing the reputation of 212 Mart.

The results of this study support previous research by Buddy et al (2020) which states that service quality and trust have a positive influence on company reputation. Rizki, A.N. et al (2017) also stated that service quality has a positive influence on the company's reputation.

212 Mart needs to strengthen the 5 dimensions of Service Quality, namely physical evidence, reliability, responsiveness, assurance and empathy to consumers so that they can improve their reputation. The presence of physical evidence of the store and its activities, readiness to meet consumer needs and guarantee the availability of goods will be able to improve the reputation of 212 Mart.

#### *f. The Effect of Innovation on Company Reputation*

The results of hypothesis testing prove that Innovation has a significant effect on Company Reputation. This means that



with the increasing innovation of 212 Mart, it has an impact on the increasing reputation of 212 Mart.

The results of this study support previous research by Bayu, K. (2020) which proves that service innovation has a positive effect on company reputation. Likewise, Yulimindra, I., et al (2015) stated that there was a positive relationship between innovation and company reputation.

Innovation is the spirit and soul for a company that continues to grow. Innovation is part of big companies to stay in the competition. 212 Mart needs to continue to innovate products, service innovations so that it continues to grow and can compete with other retailers.

*g. Effect of Competitive Advantage on Company Reputation*

The results of hypothesis testing prove that Competitive Advantage has an effect on Company Reputation. Thus, 212 Mart's Competitive Advantage turned out to have an impact in increasing the company's reputation.

According to (Adiputra and Mandala, 2017): Competitive advantage is a set of factors that distinguish a company from its competitors. From a strategic perspective, the key to business success, namely the development of a unique competitive advantage, is an advantage that produces things that are difficult for competitors to imitate and value for customers. Companies that have a competitive advantage will be able to achieve above-average profits and will become leaders in the market. 212 Mart has an advantage in terms of flexibility because retail management is carried out independently so that it is more flexible in running the business but needs to maintain a competitive advantage in terms of quality, cost advantage and product and service differentiation to further enhance the company's reputation.

The results of the qualitative analysis in this study are as follows:

*1. FGD (Focus Group Discussion).*

The summary of the FGD in this study resulted in research output, which stated that 212 Mart currently has Brand Image, Service Quality, and innovation factors that have an impact on Competitive Advantage to improve company reputation. Regarding these factors creating opportunities and obstacles in the process of increasing Competitive Advantage, participants stated that a good opportunity is an opportunity that can improve the Brand Image of 212 marts in the community and reach new consumers outside the existing community. Meanwhile, the challenges faced are that they still seem exclusive to certain groups and the management system is based on groups so that there is no uniform management.

This requires 212 Mart to continuously make changes both in terms of Brand Image, Service Quality, and good innovation in the eyes of the community in providing services in every use of 212 Mart services in the Depok and Bogor areas.

*1. IFE-EFE Analysis*

From the results of the analysis of the strengths, weaknesses, opportunities and threats above, the following table is attached to the IFE and EFE matrix as follows:

Table 3. IFE Matrix

IFE Internal Factors	Weight	Scale (1-4)	IFE Score
<i>Strength</i>			
1. Have a captive market from the community	0.2	4	0.8
2. Have the spirit of economic movement	0.1	4	0.4
3. More independent in business management	0.1	3	0.3
4. Have emotional closeness with consumers	0.05	3	0.15
5. Prioritizing Islamic concepts in business	0.05	3	0.15
Total	0.5		1.8
<i>Weakness</i>			
1. Not many outlets available	0.1	2	0.2
2. Differences in governance capabilities of each 212 marts.	0.1	2	0.2
3. Unintegrated supply chain	0.1	1	0.1
4. Does not have a distribution center	0.1	1	0.1
5. Not mastering the retail business well	0.1	2	0.2
Total	0.5		0.8
Score Total	1		2.6

Table 4. EFE Matrix

EFE Internal Factors	Weight	Scale (1-4)	EFE Score
<i>Opportunity</i>			
1. The existence of public awareness to encourage the economy of the people.	0.2	3	0.6
2. There are monopoly issues and negative news about competitors	0.15	3	0.45
3. High community response to 212 Mart	0.05	2	0.1
4. Support from Muslim scholars and community leaders	0.05	3	0.15
5. Become a partner of MSMEs to advance the joint business	0.05	3	1.3
Total	0.5		2.6
<i>Threat</i>			
1. Competition with existing retailers	0.1	3	0.3
2. There is a negative perception of 212 Mart	0.1	2	0.2
3. Changes in consumer behavior to shop online	0.1	2	0.2
4. Competition for supply of goods	0.1	3	0.3
5. Massive promo and cashback programs from competitors	0.1	3	0.3
Total	0.5		1.3
Total Skor	1		3.9

Source: Data processed by the author, 2022

*1. Input Stage – Competitive Profile Matrix (CPM)*

Based on the data obtained, the score obtained is based on CPM analysis with nine aspects, namely Service Quality, Brand Image, Promotional Media, supply chain, Innovation, Ease of Access, Product Brand and Market Share, the 212 Mart company has the lowest CPM score of 2.05.

Based on the CPM analysis at 212 Mart, Alfamart and Indomaret as follows:



- a. 212 Mart lost in all factors and only got a score of 2.05. This is because Alfamart and Indomaret have mastered the retail business first and are more experienced.
- b. Alfamart excels in promotional media and product brands with a score of 3.45.
- c. Indomaret received the highest rating in the supply chain and ease of access due to its large number of outlets and supported by a strong enough supply chain so that it got a total score of 3.5.

## 2. Matching Stage – Threats, Opportunities, Weaknesses, Strengths (TOWS)

Based on TOWS analysis, presenting a combination of internal factors (Strengths and Weaknesses) with external factors (Opportunity and Threats) then from there an appropriate strategy is drawn up in combining the elements: Strengths, Weaknesses, Opportunities, and Threats.

So the research results from TOWS analysis produce strategies, namely:

- a. Strengths Opportunities (SO) consists of increasing the consumer base of the existing 212 Mart, advancing a more universal approach for wider market penetration and building alternative retail concepts by building emotional attachment with consumers.
- b. Weakness Opportunities (WO) consist of maximizing the competitive advantage of the existing 212 Mart retail, providing more optimal training and assistance, building a distribution center and fixing the supply chain.
- c. Strengths Threats (ST) consists of strategies to strengthen the consumer base with creative promotional activities, develop online business to support the development of shopping trends, develop business activities according to local needs.
- d. Weakness Threats (WT) consist of Maintaining a customer base with a loyalty program (membership), Finding alternative sources and developing products with standardized quality, Increasing capacity and capability in the retail business in order to be competitive.

## 3. Decision Stage - Quantitative Strategic Planning Matrix (QSPM)

After the input stage of the analysis of the internal and external environment through the CPM matrix. As well as the matching stage with the TOWS matrix, the next stage is the decision stage using QSPM. This technique objectively indicates which alternative strategy is the best. QSPM uses input from the first stage and the match from the second stage to objectively determine among alternative strategies. The determination of the attractiveness score is carried out by discussing with selected respondents in the company, namely by observing whether each of these factors affects the choice

of strategy made, by giving a score of 1 (if it has no attractiveness), 2 (if its attractiveness is low), 3 (if its attractiveness is low), medium tensile strength), and 4 (high tensile strength).

Based on the calculation of the QSPM matrix, alternative strategies are obtained with the Total Attractive Score (TAS) of each strategy. Market Penetration Strategy with TAS of 6.85, Market Share Strategy with TAS of 5.7 and Product Development Strategy with TAS of 6.25. So that the results of these 3 strategies, the one that fits the current condition of the 212 Mart company is the Market Penetration Strategy. This can be seen from several IFE and EFE factors, besides that this market penetration strategy is also a strategy in increasing competitiveness among other retail companies which can ultimately improve the reputation of 212 Mart.

In this study, the QSPM matrix produces alternative strategies, namely:

1. Market Penetration. In this study, it was quite good with TAS 6.85 which stated that market penetration was an alternative used by 212 Mart to compete with other retailers that could improve the company's reputation. In the current condition, 212 Mart needs to penetrate the market by carrying out creative promotional activities, strengthening the existing consumer base and at the same time developing the consumer base by reaching a wider community.
2. Improvement of Brand Image, improvement of service quality and innovation in products and services will greatly assist in market penetration. Market penetration requires trust from consumers and that trust will be formed from positive perceptions along with pleasant shopping experiences and word of mouth from consumers to consumers. Market share development. In this study, it was quite good with TAS 5.7 which stated that product development was not an alternative to improve the company's reputation. Market development requires significant investment and commitment from the management and members of 212 Mart. Looking at the current conditions and the evaluation of several respondents from the FGD, market development has not become an alternative at this time and is more directed towards a consolidation strategy to form a holding company so that it is more structured and professional in the retail management of 212 Mart.
3. Product Development. In this study, the TAS is 6.25 which states that product development is not the best and main alternative strategy that 212 Mart companies can do to improve the company's reputation.

From the results of discussions with resource persons at the FGD stage, product development has not become the main strategy but can be an alternative to improve the reputation of 212 Mart. At this time the main products of 212 Mart are

bottled drinking water, eggs and cooking oil, meaning these are commodity products that are chosen by consumers because of their price. 212 Mart should also develop other superior products so that they can compete with large retailers that already exist. Strengthening MSME products to support the creative economy, product development in accordance with the competitive advantage of a region can also be maximized.

## V. CONCLUSION

Based on the results of research on the Competitive Advantage of retail 212 marts to improve the company's reputation, it can be concluded as follows:

1. The Brand Image variable has an effect on the Competitive Advantage of 212 Mart in the Depok and Bogor areas. 212 Mart needs to continue to improve its Brand Image not only as retail for certain circles but more universally so that it reaches more consumers. Positive impressions, feelings and perceptions that are formed will help make 212 Mart's Brand Image a competitive advantage.
2. The Service Quality variable affects the Competitive Advantage of 212 Mart in the Depok and Bogor areas. The expected service quality from 212 Mart is the availability of goods and services in accordance with consumer needs (assurance, reliability and responsiveness) so that consumers feel comfortable shopping at 212 Mart. With the Service Quality in making transactions with 212 Mart, consumers feel satisfied in using the services of 212 Mart.
3. The innovation variable has an effect on the Competitive Advantage of 212 Mart in the Depok and Bogor areas. 212 Mar needs to prepare an innovation strategy for his business in order to create an advantage over competitors.
4. Brand Image variable has the highest influence on the company's reputation. The good and bad reputation of the company can be influenced by past experiences of customers, someone's recommendations, media coverage of the company, and the company's public relations. 212 Mart must improve the Brand Image in the eyes of consumers to further enhance the company's reputation.
5. Service Quality variable affects the company's reputation. 212 Mart needs to strengthen the 5 dimensions of Service Quality, namely physical evidence, reliability, responsiveness, assurance and empathy to consumers so that it can improve its reputation. The presence of physical evidence of the store and its activities, readiness to meet consumer needs and guarantee the availability of goods will be able to improve the reputation of 212 Mart.
6. The innovation variable affects the company's reputation. Innovation is the spirit and soul for a company that continues to grow. Innovation is part of big companies to stay in the competition. 212 Mart needs to continue to innovate products, service

innovations so that it continues to grow and can compete with other retailers.

7. Competitive Advantage variable affects the Company's reputation. 212 Mart has an advantage in terms of flexibility because retail management is carried out independently so that it is more flexible in running the business but needs to maintain a competitive advantage in terms of quality, cost advantage and product and service differentiation to further enhance the company's reputation.
8. From the results of the strategy analysis research through the input stage strategy with CPM, the matching stage with TOWS and the decision stage with QSPM, it can be concluded that the strategy used from the QSPM results is the Market Penetration strategy.

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