Analysis in the Formulation of Alfamart's Marketing Strategy in Modern Retail Competition

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Abstract. This study examines the application of SWOT analysis in the development of Alfamart's marketing strategy in the midst of fierce competition in Indonesia's modern retail industry which is strengthened by IFAS (Internal Factor Analysis Summary) and EFAS (External Factor Analysis Summary). The research aims to identify internal capabilities as well as external environmental factors that affect Alfamart's competitive position. With a qualitative descriptive approach, data is obtained through annual reports, industry publications, and academic literature. The results of the analysis show that Alfamart's main strengths lie in its customer accessibility and integrated distribution network, while its weaknesses include reduced differentiation and low technological innovation compared to competitors. Opportunities arise from the expansion of digital platforms and the increasing use of non-cash transactions, while threats come from the aggressive expansion of competitors as well as changes in consumer lifestyles. The research findings confirm that the SWOT analysis allows Alfamart to develop a marketing strategy that focuses on improving digitalization, customer experience, and product variety management.
Keywords: Alfamart; Marketing Strategy; Retail Competition; SWOT analysis; Customer Experience.

INTRODUCTION

The development of modern retail in Indonesia is increasingly rapid as people's shopping behavior changes towards a more practical minimarket format (Narutomo & Suryani, 2019). Alfamart, as one of the largest minimarket chains, must adapt to increasingly competitive competition, especially with Indomaret and various digital platforms that also affect the dynamics of the retail market (Sugiharto & Prasetyo, 2020). In these conditions, companies must be able to map the business environment comprehensively so that the marketing strategies that are prepared can increase competitiveness (Kotler & Keller, 2016). SWOT analysis serves as a tool to identify strengths, weaknesses, opportunities, and threats that can affect a company's marketing strategy. By understanding these four factors, Alfamart can determine relevant strategic steps to maintain its market position in the midst of modern retail competition.

Based on this background, the formulation of this research problem is: How does SWOT analysis play a role in formulating Alfamart's marketing strategy in modern retail competition? This research aims to analyze Alfamart's internal and external factors and formulate the right marketing strategy according to the current competitive context (Lestari & Wibowo, 2020).

LITERATURE REVIEW

Marketing strategy is a series of decisions designed by companies to attract, retain, and provide value to customers through fulfilling consumer needs and desires more effectively than competitors (Kotler & Keller, 2016). Marketing strategies focus not only on increasing sales, but also on creating a sustainable competitive advantage through the utilization of elements of the marketing mix, value differentiation, and long-term relationships with customers. In the retail industry, marketing strategy is also closely related to product availability, quality of service, location comfort, and customer shopping experience (Levy, Weitz, & Grewal, 2019). Thus, the success of a retail company is greatly influenced by its accuracy in formulating marketing strategies based on market conditions and consumer behavior.

SWOT analysis according to Wheelen and Hunger (2017) is a strategic evaluation tool to identify and examine internal factors, namely strengths and weaknesses, as well as external factors, namely opportunities and threats, which affect the sustainability and performance of the organization. SWOT analysis is used to formulate relevant strategies by combining strengths and opportunities, while minimizing weaknesses and avoiding threats. In line with previous research, the use of SWOT in strategic decision-making has been proven to be able to increase the accuracy of determining marketing mix and achieving target markets in the retail sector (Sutisna & Oktavianti, 2021). On the other hand, the development of modern retail in Indonesia is marked by the increase in convenience store concepts that offer a supply of fastfood products, strategic locations, self-service services, and convenience-oriented business models (convenience shopping). Previous research emphasizes that to maintain a competitive advantage in modern retail competition, companies need to optimize service differentiation, accelerate the digitalization of business systems, and improve the efficiency of supply and logistics management (Hendrawan, 2020). Therefore, SWOT integration in the formulation of marketing strategies is important to increase Alfamart's competitiveness in dealing with the dynamics of the retail industry.

RESEARCH METHODS

This study uses a qualitative descriptive approach that aims to analyze Alfamart's internal and external factors in formulating marketing strategies based on SWOT analysis. This approach was chosen because it is able to provide a comprehensive picture of strategic phenomena in the retail industry without the need for quantitative statistical measurements. The research data uses secondary data, obtained from the annual report of PT Sumber Alfaria Trijaya Tbk., publications of the Indonesian Retail Entrepreneurs Association (APRINDO), scientific journals related to marketing strategies and retail management, and reliable articles that discuss the development of modern retail. The data collection technique is carried out through literature studies and documentation, which allows researchers to obtain integrated information about the condition of the company and the dynamics of industrial competition (Sugiyono, 2019).

The data analysis in this study uses SWOT analysis techniques according to the framework of Wheelen and Hunger (2017), which consists of identifying Strengths, Weaknesses, Opportunities, and Threats factors. The collected data is reduced and categorized through content analysis, referring to the qualitative data analysis method according to Miles and Huberman (2014), including data reduction, data presentation, and conclusion drawn.

Furthermore, a SWOT matrix was prepared to produce four main strategies: S–O, W–O, S–T, and W–T strategies.

RESULTS AND DISCUSSION

Analysis	Condition
Strengths (*Kekuatan*)	• Easily accessible and widespread store locations. • Strong relationships with suppliers through an integrated supply chain system. • Ability to manage regular promotions with a wide customer coverage.
Weaknesses (*Kelemahan*)	• Digital service innovation is still below certain competitors. • Product display governance has not been consistent across all outlets.

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	• High operational load due to the large number of outlets.
Opportunities (*Peluang*)	• Increased use of digital payments and QRIS. • Growth of instant delivery services. • Opportunities to expand products based on local needs.
Threats (*Ancaman*)	• Indomaret's aggressive expansion into new territories. • The presence of e-grocery platforms such as GrabMart and Tokopedia Now. • Scarcity of certain goods that affect price stability.

Based on the results of the SWOT analysis above, the IFAS and EFAS Alfamart analysis was produced in the form of a table as follows.

A. Strengths (*Kekuatan*)				
Internal Factors	Weight	Rating	Score	Description
Extensive network of outlets throughout Indonesia	0.35	4	1.4	Alfamart has easy-to-reach store locations in various regions, thereby increasing consumer accessibility and purchase frequency, as well as strengthening its position as a provider of convenience-based daily necessities.
High brand awareness and strong customer loyalty	0.25	4	1	The Alfamart brand has been widely known nationally, making it easier to penetrate the market and maintain customer loyalty through a positive image and trust that has been formed.
Efficient distribution and logistics system	0.30	3	0.9	Integrated supply chains and strategic distribution centers make it easier to ship goods to stores, minimize the risk of stock shortages, and reduce logistics costs.
Loyalty Programs (Alfagift & Member Card)	0.10	3	0.3	Provide additional benefits in the form of points, cashback, and personalization promotions that encourage repeat purchases and increase customer engagement.
Total	1.00	12	3.6	

B. Weaknesses (*Kelemahan*)				
Internal Factors	Weight	Rating	Score	Description
Low profit margins due to price wars	0.33	2	0.66	Price competition with other retailers causes companies to implement aggressive promos, thus affecting long-term profitability.
Heavy reliance on discount promotions	0.30	2	0.6	Promotion is the most dominant marketing tool so that it has an impact on customer sensitivity to price and reduces the effectiveness of brand differentiation.
Digital innovation is not as competitive as some competitors	0.19	2	0.38	Digital transformation through online applications and services has not yet been on par with e-grocery platforms or more aggressive competitors in service recommendation and personalization systems.
Inconsistent store display display and governance	0.18	2	0.36	Inconsistency in store layouts can decrease shopping convenience and reduce the effectiveness of visual merchandising-based marketing strategies.
Total	1.00	8	2.00	

A. Opportunities (*Peluang*)				
Internal Factors	Weight	Rating	Score	Description
Growth of digital shopping and e-commerce services	0.42	4	1.68	The increasing adoption of application-based shopping provides an opportunity for Alfamart to expand its digital sales channels, strengthen Alfagift, and reduce its reliance on offline sales.
Non-cash transaction & QRIS payment trends	0.8	4	0.22	Customers are now prioritizing fast and cashless transactions, so digital payment integration can improve shopping convenience, speed up the transaction process, and expand customer data acquisition for promotional personalization.
The need for convenience shopping is increasing	0.28	3	0.84	Consumption patterns have shifted to practical shopping, so that Alfamart can optimize the advantages of convenience store locations and formats to become the main destination for fast and efficient purchases of daily necessities.
Potential expansion into rural areas	0.12	3	0.36	There are still many rural areas that have not been touched by big competitors, so Alfamart can lead the market by developing new store networks and adjusting product variations according to local economic needs.
Total	1.00	12	3.6	

| B. Threats (*Ancaman*)				
Internal Factors	Weight	Rating	Score	Description
Aggressive competition from Indomaret and online retail	0.38	2	0.76	The very rapid growth of competitor outlets increases location competition and promotions, forcing Alfamart to continue to improve differentiation and service quality so as not to lose customers.
The presence of e-grocery platforms such as "GrabMart" and "Tokopedia Now"	0.27	2	0.54	App-based shopping platforms offer high speed and flexibility so they can shift digital-native consumers from physical stores to online shopping platforms.
Scarcity of certain goods that affect price stability	0.15	2	0.3	Disruptions in supply chains and fluctuations in the price of staples can lead to stock and margin instability, so mitigation is needed through adaptive inventory management and supplier diversification.
Operational costs increase due to expansion of national outlets	0.20	2	0.4	The expansion of the store network leads to increased labor, logistics, building rent, and maintenance costs that have the potential to reduce profitability if not balanced with operational efficiency.
Total	1.00	8	2.00	

The results of the research based on IFAS analysis show that Alfamart has significant internal strength in maintaining its position as one of the leaders of the modern retail market in Indonesia. The greatest strength is demonstrated by the spread of the wide network of stores, a strong brand image, and an integrated distribution system, which is in line with the theory that the availability of strategic locations, accessibility, and supply chain efficiency are key components of the success of a retail business (Levy, Weitz, & Grewal, 2019). Loyalty programs like Alfagift also

strengthen customer relationships through personalization and increased customer value. However, Alfamart's internal weaknesses include low profit margins due to price wars and reliance on discount promotions, which is consistent with the findings of Hendrawan (2020) regarding the competitive challenges of minimarket retail in Indonesia. In addition, inconsistent display governance in some outlets can reduce the customer shopping experience. The total IFAS score of 2.52 indicates that Alfamart's internal strength is in the category of quite strong, but increased digital innovation and operational efficiency are still needed to optimize competitiveness.

Furthermore, EFAS's analysis illustrates that the external environment of the modern retail industry offers significant growth opportunities, especially through the expansion of digital markets, the increasing trend of cashless transactions, as well as people's preference for fast and practical shopping – in line with the trend of modern retail digital transformation in Indonesia (APRINDO, 2023; Yuniarta & Nurwulandari, 2022). However, Alfamart also faces external threats in the form of aggressive competition from major retailers such as Indomaret and the emergence of e-grocery platforms such as GrabMart and Tokopedia Now, as emphasized by Wijaya (2022) regarding the shift in consumer shopping behavior towards digital applications. A total EFAS score of 2.80 indicates that Alfamart is able to respond effectively to external opportunities and threats, as long as its digitalization and service differentiation strategy continues to improve.

Based on SWOT mapping (Wheelen & Hunger, 2017), the formulation of Alfamart's marketing strategy can be designed through four strategic approaches. The S-O strategy is focused on leveraging the strength of the store network and distribution system to accelerate the digital integration and optimization of Alfagift as a shopping and delivery service platform. W-O's strategy is geared towards reducing reliance on discount promotions through private label product innovation and improving the customer experience in physical stores. The S-T strategy is carried out by maintaining customer loyalty and product availability to reduce the impact of market competition. Meanwhile, the W-T Strategy emphasizes supply management efficiency and standardization of store layouts through inventory automation to minimize internal weaknesses and reduce external threat pressures. Overall, the results of this study support the findings of Sutisna and Oktavianti (2021) that the integration of SWOT, IFAS, and EFAS is able to produce more appropriate marketing strategy decisions and are adaptive to the dynamics of the competitive retail industry.
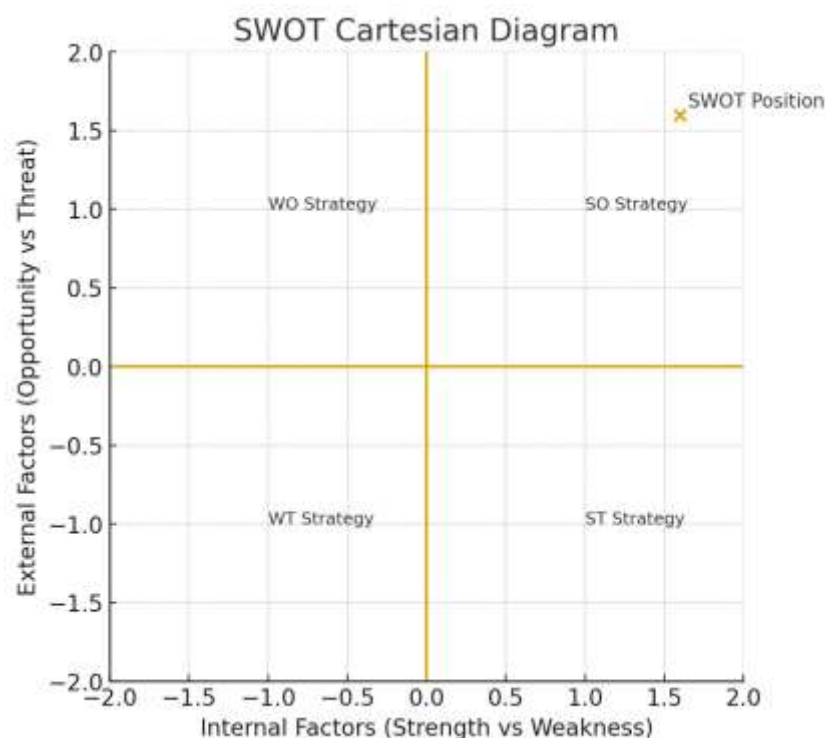
The SWOT Cartesian diagram illustrates the strategic position of an organization based on internal and external assessment factors. Internal factors are calculated from the difference

between Strengths and Weaknesses, while external factors are calculated from the difference between Opportunities and Threats. These values place the organization in Quadrant I (SO Strategy – Aggressive Growth).

Based on the scores shown in the diagram:
- • Strength = 3.6
- • Weakness = 2.0

Internal Score = +1.6
- • Opportunity = 3.6
- • Threat = 2.0

External Score = +1.6

Recommended SO (Strength – Opportunity) Strategies based on this position, the most suitable strategies include:

1. Market expansion and network development. Utilize internal strengths to expand operations into new regions or customer segments.
2. Maximizing promotional activities and loyalty programs Capitalize on strong marketing capabilities to acquire and retain more customers.
3. Leveraging digital platforms aggressively. Strengthen online services and digital transformation to match emerging market opportunities.
4. Strategic partnerships and collaboration with suppliers or external partners. To enhance product distribution and reinforce competitive advantages.

CONCLUSION AND RECOMMENDATION

Based on the results of the SWOT analysis strengthened with IFAS and EFAS, Alfamart's growth strategy is in an aggressive growth position, namely increasing market size, increasing customer penetration, and maximizing digital potential to strengthen long-term competitiveness in the modern retail industry. This is reflected in the IFAS score of 2.52 which indicates that the company's internal condition is in the category of quite strong, and the EFAS score of 2.80 which indicates that external opportunities are much greater than threats. With the increasing use of digital payments, instant delivery services, and high practical shopping preferences, Alfamart has a great opportunity to strengthen its position through the expansion of its digital-based and omnichannel-based business model. Coupled with internal strengths in the form of an extensive store network and an integrated supply chain, Alfamart is well-positioned to drive faster growth than competitors through service innovation, increased customer loyalty, and optimization of operational effectiveness.

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