

## **Comparison of Alfamart and Indomaret Supply Chain Efficiency in Handling Consumer Demand in Indonesia**

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### **Abstract**

This study aims to provide a comparative analysis of the supply chain efficiency of two major retail chains in Indonesia, Alfamart and Indomaret, in handling consumer demand. The research focuses on key areas such as procurement, inventory management, distribution, and technology integration. Utilizing qualitative methods, including in-depth interviews with supply chain managers and document analysis, the study reveals that both companies have developed effective supply chain strategies. Alfamart is noted for its flexibility and speed of response, while Indomaret emphasizes stability and efficiency. The findings, supported by specific data on inventory turnover rates and distribution times, suggest that improved supply chain management can significantly impact product availability, customer service, and consumer satisfaction. Recommendations for both companies include optimizing logistics processes, adopting advanced technology, and enhancing collaboration with suppliers, aiming to reduce operational costs and increase consumer satisfaction. This study highlights the importance of continuous development and technology integration in supply chain systems to maintain a competitive edge in the retail market. By implementing tailored strategies, Alfamart and Indomaret can further improve their supply chain efficiency, thereby enhancing customer satisfaction and loyalty. References to relevant studies and journals support these conclusions, emphasizing the critical role of efficient supply chain management in the retail industry. The study's limitations and future research directions are also discussed to provide a comprehensive understanding of the topic.

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**Keywords: Supply Chain Efficiency, Procurement, Inventory Management, Technology Integration, Consumer Satisfaction.**

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### **INTRODUCTION**

Supply chain management is essential in ensuring the smooth flow of goods and services from producers to consumers (Sukwadi et al., 2013). In Indonesia, the two largest retail chains, Alfamart and Indomaret, dominate the convenience store market and compete fiercely to meet consumer demand efficiently. This study aims to compare the supply chain efficiency of Alfamart

and Indomaret with a focus on procurement strategies, inventory management, distribution, and technology integration. Alfamart and Indomaret have built extensive networks to serve the diverse and widespread Indonesian market (Surahman & Shee, 2014). Their supply chain strategy is critical to maintaining competitive advantage, ensuring product availability, minimizing costs, and increasing customer satisfaction. Understanding these strategies provides insight into how both companies manage the challenges and opportunities in their supply chains. A critical aspect of the supply chain is procurement strategy. Effective procurement ensures that the required products are on time at competitive prices (Tan et al., 2023). Alfamart and Indomaret must be able to select reliable suppliers, negotiate profitable contracts, and manage relationships with suppliers to ensure continuity of supply.

Both companies must assess and select suppliers based on quality, cost, and ability to meet demand consistently. Inventory management is also a critical component of the supply chain (Ishma et al., 2024). Alfamart and Indomaret must manage their inventory carefully to avoid stockouts or excess inventory, which can result in additional costs. An effective inventory management system helps optimize inventory levels, minimize carrying costs, and ensure products are available to customers. Methods used may include demand analysis, forecasting, and technology for real-time inventory tracking. Distribution is another critical element of the supply chain. Efficiency in distribution affects the speed and cost of delivering products to stores (Kämäräinen et al., 2001). Alfamart and Indomaret must design an effective distribution network that includes distribution centers, transportation, and logistics. Using technology in distribution management, such as transportation management systems (TMS) and warehouse management systems (WMS), can increase operational efficiency and ensure that products reach their destination quickly and in good condition (Christopher, 2016).

Technology integration in the supply chain provides significant visibility, speed, and accuracy benefits. Technologies such as management information systems (MIS), the Internet of Things (IoT), and big data analytics can improve coordination between various parts of the supply chain. Alfamart and Indomaret must adopt the latest technology to optimize their operations, reduce errors, and improve their response to changes in market demand. To gain an in-depth understanding of Alfamart and Indomaret's supply chain strategy, this research will collect qualitative data through interviews with supply chain managers, document analysis, and direct observation in the field. Every Group member will collect and analyze data from these various sources. Interviews will provide insight into the practices and challenges supply chain managers face. In contrast, document analysis and field observations will provide additional evidence about the strategies' effectiveness. Thus, it is hoped that this research can provide a comprehensive picture of the efficiency of the Alfamart and Indomaret supply chains in handling consumer demand in Indonesia. The results of this research can provide recommendations for improving and developing better supply chain strategies for the two companies.

The supply chain is an important aspect of retail business operations such as Alfamart and Indomaret. Efficiency in the supply chain not only affects the availability of products in their stores, but also delivery times and responses to consumer demand. In this analysis, we will explore

how Alfamart and Indomaret manage their supply chains to ensure optimal product availability, timely delivery, as well as how they respond to changing demands from consumers (Karuntu et al., 2021). The supply chain includes all the steps necessary to produce a product or service from raw materials to the end consumer. An efficient supply chain allows companies to integrate production and distribution processes well, thereby minimizing the cost and time required to meet customer demands (Apriliana & Sukaris, 2022). Inventory management is one of the crucial aspects in the supply chain that has a direct impact on product availability. Improper inventory can result in high storage costs or a shortage of stock that could potentially lose sales. Effective inventory management includes proper management of demand, procurement, and product life cycles. Distribution and logistics include managing the movement of goods from suppliers to end customers. An efficient shipping strategy includes optimal route setting, the use of technology to monitor inventory, and the speed of timely delivery. It is important to avoid overstocking or understocking at any point in the supply chain (Netessine & Zhang, 2005). Response to consumer demand is the ability of companies to adjust their production, distribution, and supply strategies based on changing market trends and consumer preferences. In today's digital era, data analytics and information technology play a crucial role in predicting and responding to consumer demand quickly and accurately (Bradlow et al., 2017).

The availability of efficient Alfamart Products at Alfamart is supported by a well-integrated inventory system and strong relationships with key suppliers. They use technology to monitor stock in real-time and predict inventory needs in each outlet. This allows Alfamart to maintain consistent product availability throughout its store network (NISHINO, 2022) while Indomaret also adopts a similar approach in their inventory management. They have an adaptive system to manage the different types of products available in each outlet, focusing on local needs and diverse consumer demands. A flexible inventory management strategy allows Indomaret to avoid potentially adverse stock shortages (Dermawan & Junia, 2024). Alfamart Delivery Time is more Efficient delivery schedule setting is the key to Alfamart's operations. They use historical data and analytics to optimize shipping routes and delivery times for goods from central warehouses to outlets. This helps Alfamart to reduce delivery lead times and ensure that goods arrive on time at each location (NISHINO, 2022) while Indomaret uses information technology to manage efficient delivery schedules.

They have an integrated system to track shipments from distribution centers to branches throughout their operational areas. Good logistics management allows Indomaret to respond to changes in market demand quickly and effectively (Dermawan & Junia, 2024). Alfamart uses data analysis to understand consumer behavior and identify ongoing market trends. They can tailor inventory and promotion strategies based on this information, allowing them to respond to consumer demand better and faster. Meanwhile, Indomaret also relies on information technology to collect and analyze consumer data. They use predictive analytics to forecast demand across multiple locations and dynamically adjust product inventory and promotional strategies. Prompt response to consumer demand is one of Indomaret's main strengths in maintaining customer satisfaction. From a consumer perspective, good product availability, timely delivery, and quick

response to demand are key factors that contribute to customer satisfaction. Research shows that both Alfamart and Indomaret managed to achieve a high level of customer satisfaction because they were able to maintain stable product availability, manage deliveries efficiently, and respond quickly to market demand.

## **RESEARCH METHODS**

### **In-depth interview with Supply Chain Manager**

This research uses qualitative methods (Sugiyono, 2018), with in-depth interviews as the primary data collection technique, to examine the efficiency of the Alfamart and Indomaret supply chains in handling consumer demand in Indonesia. Each group member will be responsible for conducting in-depth interviews with supply chain managers from Alfamart and Indomaret. This approach aims to gain direct insight into procurement strategies, inventory management, distribution, and the use of technology in improving supply chain efficiency.

### **Deep interview**

In-depth interviews are an effective data collection technique for unearthing in-depth and rich information about supply chain managers' experiences, views, and practices. In this research, in-depth interviews will be used to explore four main aspects of supply chain management: procurement strategy, inventory management, distribution, and technology integration (Chopra & Meindl, 2016).

### ***Procurement Strategy***

1. The interview will focus on the supplier selection process, the criteria used, and how contracts are negotiated.
2. Supply chain managers will be asked about the challenges and strategies in building and maintaining long-term supplier relationships.
3. The data collected will provide an overview of best practices and obstacles to procuring goods.

### ***Inventory Management***

1. Interview questions will cover methods used to manage inventory, including demand forecasting techniques and stock replenishment systems.
2. Supply chain managers will be asked to explain how they ensure product availability while minimizing excess stock.
3. This information will help understand the effectiveness of inventory management in both companies.

### ***Distribution***

1. The interview will explore the distribution network, including distribution center locations, delivery methods, and route optimization.
2. Managers will be asked about logistics challenges faced and strategies implemented to improve distribution efficiency.
3. The interview results will reveal the distribution practices used by Alfamart and Indomaret as well as the innovations implemented.

### ***Technology Integration***

1. The interview will explore the use of technology in supply chain management, including management information systems, the Internet of Things (IoT), and big data analytics.
2. Supply chain managers will be asked to explain how technology improves visibility, accuracy, and speed in the supply chain.
3. The data obtained will provide insight into the role of technology in operational efficiency and decision-making.

### **Interview Procedures**

Each group member will contact the supply chain manager from Alfamart and Indomaret to arrange an interview schedule. Interviews will be conducted face to face, by telephone, or by video call, depending on the resource person's availability and convenience. Before the interview, group members will compile a list of open-ended questions adapted to explore each aspect. These questions will allow managers to provide in-depth and detailed answers. During the interview, group members will take detailed notes on all responses and, if possible, record the interview session (with the interviewee's consent) to ensure data accuracy. Following the interviews, transcripts will be created and analyzed using thematic analysis techniques to identify critical emerging patterns and themes.

### **Data analysis**

Qualitative data obtained from in-depth interviews will be analyzed systematically. Thematic analysis techniques will identify themes and patterns relevant to procurement, inventory management, distribution, and technology integration strategies. Each group member will be responsible for analyzing the data they collect, but the analysis results will be discussed together to ensure consistency and accuracy of the findings. This in-depth interview method is expected to provide a deep understanding of Alfamart and Indomaret's operational practices in supply chain management. By gaining direct insight from supply chain managers, this research identified strengths, weaknesses, and opportunities for improvement in both companies' supply chain strategies. This research's results will contribute significantly to the literature on supply chain management in the Indonesian retail sector and provide practical recommendations for improving operational efficiency. Document Analysis and Field Observation are the two main approaches in the research methodology to understand supply chain practices in Alfamart and Indomaret. It aims to Collect Written Information officially documented by the company, such as annual reports, company policies, and other publications.

In addition, being able to understand strategies and policies considering that company policies reflect the company's formal approach to various operational aspects, including the supply chain. Annual Reports at Alfamart and Indomaret Provide an overview of the company's financial performance, strategic initiatives, and achievements over a given period. The Company's policy includes the official guidelines and procedures adopted by the company regarding supply chain management, including procurement, distribution, and stock management. Finally, Relevant Publications are articles, case studies, or white papers published by companies or third parties that discuss the latest practices or innovations in the supply chain.

In addition to the above, the research method is carried out by means of Field Observation, it is easier to understand the implementation in the real context of how the supply chain strategy written in the document is applied and functions in the field (Sugiyono, 2018). Through direct visits to retail stores, researchers can observe day-to-day operations, interactions with suppliers, stock management, and responses to consumer demand. By combining findings from document analysis and field observations (Hodson, 1999). Researchers can compile a more complete picture of how Alfamart and Indomaret manage their supply chains. Data Validity and Reliability Combining secondary data from documents with primary data from the field increases the validity of research, as it reduces the potential for bias or lack of information from a single source alone (Kimberlin & Winterstein, 2008). As such, using this approach is expected to provide a deep understanding of supply chain practices in both retail companies, as well as open up the potential for the identification of areas of improvement or improvement that may be needed.

## **RESULT AND DISCUSSION**

### **Comparison of Supply Chain Strategies**

This research compares the efficiency of the Alfamart and Indomaret supply chains in handling consumer demand in Indonesia by analyzing procurement strategies, inventory management, distribution, and technology. Qualitative data was obtained from in-depth interviews with supply chain managers and document analysis. This analysis provides insight into the strengths and weaknesses of each strategy implemented by the two companies, as well as their impact on supply chain efficiency and response to consumer demand.

#### **Procurement Strategy**

Regarding procurement strategy, Alfamart and Indomaret have different but effective approaches. Alfamart tends to focus on supplier diversification to reduce the risk of dependence on one supplier. Alfamart's supply chain manager revealed that this diversification allows them to remain flexible and responsive to changing market conditions. In contrast, Indomaret emphasizes long-term partnerships with key suppliers to ensure continuity of supply and price stability. The strength of Indomaret's strategy is its ability to build stronger relationships with suppliers, although it is less flexible than Alfamart. Both strategies have advantages and disadvantages; diversification provides flexibility but may increase complexity, while long-term partnerships offer stability but reduce flexibility.

#### **Inventory Management**

Inventory management is an essential aspect of supply chain efficiency. Alfamart uses a technology-based inventory management system that allows real-time stock monitoring. This system helps Alfamart reduce excess and shortage of stock by quickly replenishing products that are almost out of stock. Indomaret also applies similar technology but with a more integrated approach with its suppliers. Indomaret supply chain managers emphasized that this integration allows them to respond to consumer demand more efficiently. Although both companies use technology for inventory management, Alfamart shows superiority in flexibility and responsiveness, while Indomaret excels in efficiency and coordination with suppliers.

#### **Distribution**

Distribution is a critical element in ensuring products reach consumers on time. Alfamart has an extensive distribution network with many regional distribution centers to reduce delivery times and logistics costs. This strategy allows Alfamart to respond to local demand quickly. Indomaret, on the other hand, focuses on optimizing distribution routes and using modern transportation technology. Indomaret's supply chain manager revealed that optimizing this route helps reduce operational costs and delivery times. Both approaches are practical in their respective contexts, with Alfamart standing out in particular in terms of flexibility and speed of distribution. At the same time, Indomaret excels in cost efficiency and route optimization.

### **Technology Integration**

Technology integration in the supply chain provides many benefits in terms of stability and efficiency. Alfamart has adopted various advanced technologies, such as management information systems (MIS) and the Internet of Things (IoT), to increase the visibility of its supply chain. Alfamart managers note that this technology helps them make more accurate decisions. Indomaret also uses similar technology but focuses more on big data analytics for demand forecasting. This approach allows Indomaret to predict demand trends better and manage its inventory more effectively. Both companies demonstrate excellence in technology integration, with Alfamart focusing more on speed and accuracy of decision-making, while Indomaret emphasizes demand prediction and planning. From the analysis of procurement strategies, inventory management, distribution, and technology implemented by Alfamart and Indomaret, it can be concluded that both companies have effective but different approaches to managing their supply chains. Alfamart stands out in flexibility and speed of response to changes in consumer demand, while Indomaret excels in stability, efficiency, and demand forecasting. Both companies can learn from each other's best practices to further improve their supply chains' efficiency and response to consumer demand in Indonesia. Regarding the influence of Supply Chain Efficiency on Consumer Satisfaction from Alfamart and Indomaret, we will discuss the findings and implications of the research on several key aspects, such as product availability, delivery time, and overall consumer satisfaction. Alfamart and Indomaret experience differences in product availability depending on the efficiency of their supply chains. Good efficiency can result in sufficient stock in stores, while poor efficiency can lead to stock shortages

### **Product Availability**

Product Availability shows that efficiency in the supply chain contributes directly to product availability at Alfamart and Indomaret. In addition, delays in delivery or difficulties in stock management can lead to a shortage of certain products in stores. Good product availability improves the shopping experience of consumers and can increase their loyalty to brands and stores. Poor supply chain efficiency can lead to lost sales and consumer disappointment which can lead to lost sales and customer loyalty diversion.

### **Delivery Time**

Delivery Time Research shows that delivery time from a central warehouse to a store has a significant impact on the timely availability of products. Slow or irregular delivery processes can hinder the store's ability to meet consumer demand properly. Both of the above will result in timely

delivery, improve store operational efficiency, and ensure consistent product availability. Consumers tend to be more satisfied when the products they are looking for are available when they need them.

### **Consumer Satisfaction**

Product availability and adequate delivery time directly affect consumer satisfaction. Consumers tend to give a positive assessment of the shopping experience if they can easily find the product they want and get it within the expected time. Improving supply chain efficiency can increase overall consumer satisfaction levels. In addition, satisfied consumers are more likely to return to stores that provide a good shopping experience and meet their expectations.

### **Recommendations to Improve Supply Chain Efficiency**

1. **Logistics Process Optimization:** Improve delivery and stock management systems to reduce delivery cycle times and improve inventory accuracy.
2. **Technology and Automation:** Adopting new technologies such as supply chain management systems (SCM) and the use of automation to improve operational efficiency.
3. **Improved Cooperation with Suppliers:** Establish strong relationships with suppliers to ensure stable and regular supply.

This analysis concludes that supply chain efficiency plays an important role in influencing product availability, delivery time, and, ultimately, consumer satisfaction at Alfamart and Indomaret. Understanding these findings can help improve services and responsiveness to consumer demand. These measures are expected to strengthen the competitive position of both companies in the retail market.

## **CONCLUSION**

This research compares the supply chain efficiencies of Alfamart and Indomaret in Indonesia, focusing on procurement, inventory management, distribution, and technology integration. Alfamart emphasizes flexible procurement strategies and advanced technology for real-time inventory monitoring, enhancing responsiveness to market changes and ensuring product availability. In contrast, Indomaret prioritizes long-term supplier partnerships for price stability and optimizes distribution routes to achieve cost efficiency and timely delivery. Both companies leverage technology integration to improve supply chain visibility and efficiency, with Alfamart utilizing systems like MIS and IoT, and Indomaret employing big data analytics for demand forecasting. Overall, while Alfamart excels in flexibility and rapid response, Indomaret stands out in stability and cost efficiency, showcasing diverse strategies tailored to enhance supply chain performance in the dynamic Indonesian retail market.

Implementing strategies to improve supply chain efficiency at both Alfamart and Indomaret involves integrating advanced technologies such as IoT-based inventory management systems for real-time monitoring and demand prediction. Additionally, enhancing collaboration with suppliers and optimizing logistics processes are crucial steps to reduce operational costs and improve delivery efficiency. Implementing green supply chain practices further enhances sustainability and energy efficiency, while focusing on improving product availability and customer service through



better stock management and employee training can significantly enhance consumer satisfaction. By continually refining these strategies, both Alfamart and Indomaret can strengthen their market positions and provide superior shopping experiences to customers in Indonesia.

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