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Analysis of Service Quality Gaps and Strategic Improvement Priorities

A Comparative Study of Customer Satisfaction at Minimarkets using SERVQUAL and Importance Performance Analysis

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ABSTRACT

This study conducts a comparative analysis of service quality between two competing minimarkets in Indonesia: Pindadmart (a state-owned enterprise affiliate) and Alfamart (a market leader). The objective is to identify performance gaps and formulate strategic improvement priorities. The research employs a dual-methodological approach utilizing the SERVQUAL model to measure the gap between customer expectations and perceptions across five service dimensions (Tangibles, Reliability, Responsiveness, Assurance, Empathy), and Importance-Performance Analysis (IPA) to map service attributes and identify areas requiring immediate managerial attention. Data were collected via questionnaires from 110 respondents, evenly distributed between the two retailers. The results reveal a significant service quality deficit at Pindadmart, which exhibits a larger negative gap score (-1.20) compared to Alfamart (-0.77). The most critical gap for Pindadmart lies within the Empathy dimension, specifically concerning employee attentiveness to customer needs (Gap = -1.67). The IPA matrix positions attributes such as adequate parking (P3) and employee trustworthiness (P16) in the high-priority quadrant for Pindadmart. This study conceptually and empirically links perceived empathy failures to underlying operational deficiencies, specifically product stockouts, arguing that customers interpret inventory unavailability as a lack of organizational care. Recommendations focus on synergizing operational improvements in inventory management with enhancements in physical facilities and employee training to bolster customer satisfaction and fulfill the cooperative's role in mentoring local MSMEs.

Keywords
Customer Satisfaction
Importance Performance Analysis
Minimarket
Service Quality
SERVQUAL

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Introduction

Over the past decade, Indonesia's economy has undergone a structural shift from production-based to consumption-driven growth. This transition, catalyzed by urbanization rates exceeding 58% and an expanding middle class, has precipitated a retail revolution wherein modern trade formats have progressively supplanted traditional markets. As of 2024, the sector is dominated by the minimarket format, which commands a 45.54% market share. The landscape is defined by a duopoly—Indomaret and Alfamart—whose combined network of over 42,000 outlets utilizes a "proximity strategy" to establish national standards for convenience, hygiene, and efficiency [1]. In this saturated market, product differentiation is negligible; consequently, Service Quality (SQ) emerges as the primary competitive differentiator.

However, State-Owned Enterprise (Badan Usaha Milik Negara or BUMN) affiliates operating in this sector, such as Pindadmart, navigate a complex dual mandate. Unlike private competitors driven primarily by shareholder value, BUMN retailers are legally obligated by regulations, such as the BUMN Ministry Regulation No. PER-1/MBU/03/2023, to balance commercial viability with social responsibility. Specifically, they function as downstream channels for micro, small, and medium enterprise (MSME) products, necessitating the management of heterogeneous supply chains that often lack the efficiency of private conglomerates.

The central problem addressed in this study is the significant service quality disparity between Pindadmart and its private competitor, Alfamart. Consumers increasingly benchmark their service encounters against the elevated standards established by national chains. Despite possessing strategic locations, Pindadmart exhibits inconsistencies in infrastructure, stock availability, and service delivery. Failure to match the commercial standards of private competitors undermines Pindadmart's financial sustainability and its capacity to support MSME partners.

The imperative to address these operational discrepancies is well-supported by academic literature, where the application of the SERVQUAL model and Importance-Performance Analysis (IPA) serves as a foundational diagnostic tool. Tešić [2] highlights the

universality of service quality challenges in modern retail, demonstrating that negative gaps between customer expectations and perceived performance are pervasive across reliability and assurance dimensions, regardless of the geographic context. Within the specific context of the Indonesian retail landscape, recent scholarship has largely focused on the dynamics between private sector incumbents. For instance, Tannady et al. [3] conducted a comparative SERVQUAL and IPA study on the market leaders, Alfamart and Indomaret. Their findings revealed that even established corporate giants exhibit significant service gaps, with Alfamart and Indomaret requiring remedial attention on seven and nine attributes, respectively, particularly in areas of responsiveness and tangible assets. Furthermore, the critical need to rectify these service failures is underscored by Rokhmah [4], whose regression analysis of Indomaret Kleco confirmed a positive and significant correlation between service quality dimensions (such as employee friendliness and facility comfort) and overall customer satisfaction.

Despite the extensive body of work examining retail service quality, existing literature has predominantly isolated its analysis to private sector competition or single-entity case studies. There remains a notable scarcity of empirical research that juxtaposes the operational performance of State-Owned Enterprise (BUMN) affiliates or cooperative-managed retailers against private corporate conglomerates. This study addresses this gap by offering a unique comparative analysis between Pindadmart (a cooperative entity balancing commercial goals with a social mandate for MSME support) and Alfamart, a purely profit-driven corporate market leader. The primary novelty of this research lies in this specific "State vs. Corporate" comparative framework. By applying the dual-methodological approach of SERVQUAL and IPA to this distinct dyad, this study isolates the structural and operational divergences inherent to the cooperative model.

Therefore, this research utilizes the SERVQUAL model to diagnose specific dimensions of service failure and Importance-Performance Analysis (IPA) to prioritize remediation efforts. By identifying attributes where Pindadmart underperforms relative to customer expectations, this study aims to isolate the operational root causes hindering both its competitive position and its national development mandate

Theoretical Foundations and Conceptual Framework

A. The Evolution of Service Quality Theory

Service Quality is defined as an abstract construct representing the discrepancy between a consumer’s expectations of a service offering and their perception of the service actually delivered. The theoretical lineage of this concept originates with the "Nordic School", which dichotomized service into technical quality (the outcome of the service) and functional quality (the process of delivery) [5]. However, the dominant framework for quantitative assessment

in contemporary literature remains the "American School," specifically the SERVQUAL model established by Parasuraman, Zeithaml, and Berry [6].

The SERVQUAL model postulates that consumers evaluate service quality along five distinct, stable dimensions:

1. Tangibles: This dimension refers to the physical facilities, equipment, and appearance of personnel. In a retail context, this encompasses the sanitation of the physical environment (e.g., floor cleanliness), the condition of display infrastructure (gondolas/shelving), staff presentation (uniforms), and the functionality of essential equipment such as climate control and Point of Sale (POS) terminals. It serves as the physical "stage" upon which the service is enacted.
2. Reliability: Defined as the ability to perform the promised service dependably and accurately. For a minimarket, the core operational promise involves stock availability and price integrity. A failure to provide basic necessities or a discrepancy between shelf price and register price constitutes a breach of the reliability contract.
3. Responsiveness: This dimension measures the willingness to help customers and provide prompt service. It captures the velocity of checkout processes, the efficiency of returns handling, and the agility of staff in assisting customers with product location.
4. Assurance: The knowledge and courtesy of employees and their ability to convey trust and confidence. This dimension is critical for fostering long-term loyalty and involves perceived transactional integrity (accuracy of change given) and product safety (assurance against expired goods).
5. Empathy: The provision of caring, individualized attention to customers. While traditionally associated with high-contact services, in the retail sector, empathy manifests as the staff's ability to recognize recurring patrons, understand specific local preferences, and demonstrate genuine concern during conflict resolution.

The quantitative basis of SERVQUAL is the Gap Equation:

$$Gap = Perception\ (P) - Expectation\ (E) \quad (1)$$

A negative coefficient indicates a state of dissatisfaction, signifying that the perceived reality has fallen short of the standard set by the customer's prior expectations.

B. Strategic Prioritization via Importance-Performance Analysis (IPA)

While SERVQUAL serves as a robust diagnostic tool for identifying service deficiencies, it lacks an inherent mechanism for resource allocation. It identifies *all* existing gaps but does not distinguish which gaps exert the most significant influence on overall consumer satisfaction. To address this limitation, Martilla and James [7] introduced Importance-Performance Analysis (IPA).

IPA facilitates strategic decision-making by plotting attributes onto a two-dimensional Cartesian grid:

1. The X-Axis (Performance): Represents the firm's actual execution of the attribute (Perception).
2. The Y-Axis (Importance): Represents the value the customer assigns to the attribute (Expectation).

This mapping delineates four strategic quadrants that guide managerial action:

1. Quadrant I (Concentrate Here): *High Importance, Low Performance.* These attributes represent critical failures. Customers place high value on these dimensions, yet the firm is underperforming. Consequently, these factors are the primary drivers of customer attrition and require immediate remedial investment.
2. Quadrant II (Keep Up the Good Work): *High Importance, High Performance.* These attributes constitute the firm's competitive advantages. The strategic imperative here is maintenance to ensure these strengths are not eroded.
3. Quadrant III (Low Priority): *Low Importance, Low Performance.* These are minor weaknesses. While performance is low, these attributes do not significantly influence customer decision-making. Excessive investment here yields diminishing returns.
4. Quadrant IV (Possible Overkill): *Low Importance, High Performance.* The firm is executing exceptionally well on attributes that are of marginal value to the customer. This suggests an inefficient allocation of resources, which should ideally be diverted from this quadrant to address deficiencies in Quadrant I.

Research Design

This study employs a quantitative, cross-sectional, comparative research design. An isolated analysis of Pindadmart would yield only "absolute" satisfaction scores, which, while descriptive, lack necessary contextual benchmarking. By simultaneously evaluating Alfamart, located within the same geographic catchment area, the research establishes a metric of "Relative Quality."

In this experimental design, Alfamart functions as the competitive benchmark (or control group) representing current market standards. Given that both retail entities service an identical demographic profile, specifically residents of the Kiaracondong district, consistent with Pindad's operational locality, variances in customer satisfaction cannot be ascribed to heterogeneous customer expectations or cultural disparities. Consequently, any observed divergence in satisfaction scores can be attributed with high confidence to intrinsic differences in service delivery and operational execution between the two entities. This comparative framework strengthens internal validity by isolating service quality factors, ensuring that

measured outcomes directly reflect operational performance rather than external demographic or contextual influences across both retail settings.

A. Sampling Strategy and Demographics

To ensure data relevance, a purposive sampling methodology was utilized. While random probability sampling is typically preferred for broad generalizability, purposive sampling was deemed necessary to guarantee internal validity; respondent eligibility was strictly limited to verified customers who had engaged in a transaction at the specific branch within the immediate timeframe.

The total sample size consisted of 220 respondents; the sample was stratified equally, with 110 respondents representing Pindadmart and 110 representing Alfamart. For statistical analysis, these groups were treated as independent samples. Survey instruments were administered via intercept interviews at the point of exit or in the immediate vicinity of the retail outlets. This "in-situ" approach was selected to minimize recall bias, ensuring that responses reflected the immediate service experience.

It is necessary to acknowledge a temporal limitation regarding the data collection timeline. Fieldwork for Alfamart was conducted approximately three months subsequent to Pindadmart. While retail service quality metrics typically exhibit stability over the short term, this temporal disparity introduces the potential for seasonal covariance (e.g., inventory fluctuations or shifts in consumer sentiment). However, it is noted that no significant holidays or external economic shocks occurred during this interval that would invalidate the comparison.

B. Operational Variables

The research instrument is a structured questionnaire divided into two sections: Expectations and Perceptions. Each section consists of 22 items categorized into the five SERVQUAL dimensions, utilizing a 5-point Likert scale ranging from 1 (Strongly Disagree/Very Dissatisfied) to 5 (Strongly Agree/Very Satisfied).

Table 1. Operational variables.

Dimension	Variables	Description
Tangibles	P1	Employee neatness and appearance.
	P2	Cleanliness and tidiness of the environment.
	P3	Adequacy of parking facilities.
	P4	Modernity of equipment and facilities
Reliability	P5	Speed and orderliness of administration.
	P6	Error-free service execution.
	P7	Trustworthiness of the operational team.
	P8	Service delivery according to promises.
	P9	Accuracy of information provided.
Responsivenes	P10	Willingness to accommodate special requests.
	P11	Speed of response to complaints.
	P12	Clarity and accuracy of communication.
	P13	Willingness to help customers.
Assurance	P14	Accuracy of operational hours.
	P15	Feeling of safety during transactions.

Dimension	Variables	Description
	P16	Trustworthiness of staff.
	P17	Knowledge level of staff.
Empathy	P18	Courtesy and friendliness.
	P19	Ease of shopping experience.
	P20	Non-discriminatory service (equality).
	P21	Attention to customer needs.
	P22	Individualized attention.

C. Data Analysis

To ensure the quality of the research instrument, tests for validity and reliability were conducted. Validity was tested using the Pearson Product Moment Correlation method, with the criterion that an item is considered valid if its calculated correlation coefficient (*r*-count) exceeds the critical table value (*r*-table). In this study, with 110 respondents (N = 110, degrees of freedom = 108) and a 5% significance level, the *r*-table value was 0.187. Meanwhile, reliability was measured using Cronbach's Alpha coefficient to assess the instrument's internal consistency. For exploratory research, the instrument is deemed reliable if the α value is greater than 0.60.

The gap analysis within the SERVQUAL method was performed by calculating the difference between respondents' perception scores and expectation scores. The gap was calculated using the formula:

$$Gap = Perception\ Score - Expectation\ Score \quad (2)$$

This calculation yields three possible interpretations: a positive gap value indicates that the service exceeds expectations; a zero gap signifies that the service meets expectations; and a negative gap reveals dissatisfaction, as the service performance falls below expectations.

Importance-Performance Analysis (IPA) was used to map the importance and performance levels of each service attribute. The mean expectation scores (representing *importance*) are plotted on the Y-axis, while the mean perception scores (representing *performance*) are plotted on the X-axis. The intersection point of the axes (the cross-hairs) is determined by the overall grand mean of all mean scores. This creates four quadrants that facilitate the identification of priorities for improvement and the strategic allocation of resources.

Results

A. Respondent Characteristics

The demographic profile of the 110 respondents provides context for the analysis. Understanding who the customers are helps in interpreting their expectations. The gender distribution was remarkably balanced. For Pindamart, it was 50% male and 50% female (55 respondents each). For Alfamart, it was 50.9% male (56 respondents) and 49.1% female (54 respondents). This indicates that retail shopping is a gender-neutral activity in this context, and the findings are not skewed by gender bias.

The largest segment was employees, constituting approximately 56% of the sample for Alfamart and 44% for Pindadmart. This is followed by students and housewives. The dominance of employees reflects the location of Pindadmart near a state-owned enterprise, serving the workforce during breaks and after hours. Students represent a price-sensitive yet demanding demographic, likely influencing the high expectations for "Responsiveness" and "Technology".

B. Validity and Reliability Analysis

The validity and reliability analysis for Pindadmart confirmed a robust survey instrument. For validity testing, all 22 items demonstrated a calculated correlation coefficient (*r*-count) significantly exceeding the critical threshold (*r*-table of 0.187). Examples include Item 12 (Communication) in the Expectation survey with an *r*-count of 0.544, and Item 19 (Ease of Shopping) at 0.497. In the Perception survey, Item 21 (Needs Attention) showed a notably high correlation of 0.708. These results confirm that all items accurately measured their intended constructs. Regarding reliability, Cronbach's Alpha values for all five SERVQUAL dimensions exceeded the acceptable benchmark of 0.60 for exploratory research, with scores ranging from 0.618 (Tangibles) to 0.692 (Responsiveness). Although these values are considered moderate, they indicate sufficient internal consistency for social science research, suggesting respondents interpreted the questions consistently across each dimension.

The validity results for Alfamart were exceptionally strong, surpassing even the robust findings from Pindadmart. The analysis revealed that all survey items were highly valid. A standout example was Item 9 (Information) in the Expectation survey, which achieved an extraordinarily high calculated correlation (*r*-count) of 0.936. This figure not only far exceeds the validity threshold but indicates an almost perfect linear relationship between the item and the overall construct it was designed to measure, providing compelling evidence that the survey instrument was precisely capturing the intended variables for the Alfamart case study.

The reliability analysis for Alfamart revealed outstanding internal consistency. Cronbach's Alpha for the Expectation survey reached an exceptionally high value of 0.969, while the Perception survey also showed strong reliability at 0.780. The near-perfect reliability score for expectations is particularly significant. It suggests that customer expectations for this major corporate chain are highly crystallized and uniform—indicating that people have a very clear and consistent understanding of what to expect from a well-established national brand like Alfamart. This finding provides a stable and reliable baseline against which perceived performance can be meaningfully compared in the subsequent gap and IPA analyses.

C. Descriptive Statistics: Expectations vs. Perception

Before analyzing the gaps, it is instructive to look at the raw scores. The "Expectation" scores serve as a proxy for the importance customers place on these attributes.

1. High Expectations.

   For both markets, customers hold extremely high expectations (Average > 4.90 out of 5.00). Pindadmart Expectation mean is 4.91 and Alfamart Expectation mean is 4.96. The slightly higher expectation for Y suggests that the brand reputation of the corporate chain elevates customer standards. Customers walk into Alfamart expecting perfection because of its national branding.

2. Divergent Realities.

   Pindadmart Perception mean is 3.70 and Alfamart Perception mean is 4.18. There is a stark difference in performance. Alfamart is rated as "Good" to "Very Good" (>4.0), while Pindadmart is rated merely "Adequate" to "Good" (<3.8). This 0.48 point difference on a 5-point scale represents a significant competitive disadvantage.

D. SERVQUAL Gap Analysis: Pindadmart

The analysis of Pindadmart reveals a systemic failure to meet customer expectations across all five dimensions. The overall average gap is **-1.20**, indicating a significant dissatisfaction level. See Table 2.

Table 2. Gap Analysis for Pindadmart.

Dimension	Variables	Perception	Expectations	Gap
Tangile	P1	3.81	4.85	-1.04
	P2	3.60	4.95	-1.35
	P3	3.20	4.93	-1.73
	P4	3.67	4.90	-1.23
	Avg	3.57	4.91	-1.34
Reliability	P5	3.88	4.89	-1.01
	P6	3.90	4.84	-0.94
	P7	3.65	4.92	-1.27
	P8	3.84	4.91	-1.07
	P9	3.77	4.96	-1.19
	Avg	3.81	4.90	-1.10
Responsiveness	P10	3.80	4.94	-1.14
	P11	3.80	4.93	-1.13
	P12	3.81	4.81	-1.00
	P13	3.90	4.90	-1.00
	Avg	3.83	4.90	-1.07
Assurance	P14	3.78	4.97	-1.19
	P15	3.89	4.83	-0.94
	P16	3.26	4.94	-1.68
	P17	3.70	4.85	-1.15
	Avg	3.66	4.90	-1.24
Empathy	P18	3.87	4.96	-1.09
	P19	3.78	4.96	-1.18
	P20	3.67	4.84	-1.17
	P21	3.11	4.88	-1.77
	P22	3.75	4.95	-1.20
	Avg	3.64	4.92	-1.28
Average Gap		3.70	4.90	-1.20
Minimum Gap (P15)				-0.94
Maximum Gap (P21)				-1.77

The Tangibles dimension recorded the largest gap at -1.34, indicating the most significant customer dissatisfaction with the physical aspects of the service. This gap was primarily driven by three critical factors. First, parking facilities (P3) with a gap of -1.73 represent a serious logistical issue, likely due to space constraints or inefficient management. Second, environmental cleanliness (P2) with a gap of -1.35 fell far below customer expectations, potentially resulting from infrequent cleaning schedules or a cluttered store layout. Third, the condition of equipment (P4) with a gap of -1.23 reflects a lack of investment in modern technology, such as point-of-sale systems or refrigeration units, compared to corporate chain competitors.

The Empathy dimension, with a gap of -1.28, highlights a critical failure in staff-customer interaction. The item regarding attention to customer needs (P21) was the single largest contributor with the highest gap in the entire study at -1.77. This suggests staff are perceived as indifferent and poorly trained in service orientation. Furthermore, the perception of discriminatory treatment (P20) with a gap of -1.17 reinforces impressions of unequal service, perhaps between internal and external customers. In parallel, the Assurance dimension gap of -1.24, particularly the item for trustworthiness (P16) at -1.68, reveals a severe erosion of customer trust, possibly triggered by transaction errors or staff incompetence—factors that directly threaten customer loyalty.

Although still negative, the Reliability and Responsiveness dimensions show relatively smaller gaps of -1.10 and -1.07, respectively. Within Responsiveness, the item for service speed (P6) has a gap of -0.94, one of the least negative scores in the entire analysis. This indicates that staff are physically present and can respond with reasonable promptness, meaning timeliness is not the core issue. However, this marginally better performance in responsiveness is insufficient to compensate for the more fundamental failures in other areas.

This pattern of gaps reveals a clear strategic narrative: Pindadmart has fundamental problems that go beyond mere service speed. Customers perceive staff indifference (Empathy), a lack of trust (Assurance), and an unsupportive physical environment (Tangibles) as the most critical shortcomings. The relatively better score in Responsiveness only underscores that the mere presence and speed of staff hold little value if not accompanied by genuine care, competence, and adequate facilities. Therefore, improvement efforts must focus on transforming the service culture and investing in infrastructure, not just on operational efficiency alone.

E. SERVQUAL Gap Analysis: Alfamart

Alfamart also exhibited negative gaps, which is common in high-expectation service industries (the "zone of tolerance"), but the magnitude of these gaps was significantly smaller than those of Pindadmart. See Table 3.

Table 3. Gap Analysis for Alfamart.

Dimension	Variables	Perception	Expectations	Gap
Tangile	P1	4.23	4.96	-0.73
	P2	4.18	4.96	-0.78
	P3	3.72	4.93	-1.21
	P4	4.04	4.91	-0.87
	Avg	4.04	4.94	-0.90
Reliability	P5	4.11	4.95	-0.84
	P6	4.13	4.94	-0.81
	P7	4.22	4.96	-0.74
	P8	3.99	4.93	-0.94
	P9	4.09	4.97	-0.88
	Avg	4.11	4.95	-0.84
Responsiveness	P10	4.10	4.94	-0.84
	P11	3.93	4.94	-1.01
	P12	4.28	4.97	-0.69
	P13	4.32	4.94	-0.62
	Avg	4.16	4.95	-0.79
Assurance	P14	4.73	4.97	-0.24
	P15	4.26	4.97	-0.71
	P16	4.25	4.95	-0.70
	P17	3.93	4.86	-0.93
	Avg	4.29	4.94	-0.65
Empathy	P18	4.42	4.97	-0.55
	P19	4.28	4.97	-0.69
	P20	4.39	4.96	-0.57
	P21	4.21	4.94	-0.73
	P22	4.09	4.95	-0.86
	Avg	4.28	4.96	-0.68
Average Gap		4.18	4.95	-0.77
Minimum Gap (P15)				-0.24
Maximum Gap (P21)				-1.21

Alfamart demonstrated clear performance superiority over Pindadmart, as evidenced by its consistently higher Perception scores—all above the 4.0 ("Good") threshold compared to Pindadmart's range of 3.0-3.8. This advantage was particularly notable in the Assurance dimension, where Alfamart's gap of -0.65 was nearly half that of its counterpart, with Item 14 (Operational Hours) showing a minimal gap of -0.25, reflecting the high reliability and corporate discipline in maintaining consistent service hours. Even Alfamart's weakest dimension, Tangibles with a gap of -0.90, outperformed Pindadmart's strongest dimension, confirming that the corporate chain's sustained investment in standardized operating procedures, systematic training, and brand-wide consistency yields a significant and measurable competitive advantage in customer perception.

F. Comparative Analysis

Comparing the two reveals the depth of the cooperative's competitive disadvantage.

Table 4. Direct Gap Comparison.

Dimension	Variables	Pindadmart Perception Score	Alfamart Perception Score	Pindadmart-Alfamart Perception Gap
Tangibles	P1	3.81	4.23	-0.42
	P2	3.6	4.18	-0.58
	P3	3.2	3.72	-0.52
	P4	3.67	4.04	-0.37
Tangibles Average		**3.57**	**4.04**	**-0.47**
Reliability	P5	3.88	4.11	-0.23
	P6	3.9	4.13	-0.23
	P7	3.65	4.22	-0.57
	P8	3.84	3.99	-0.15
	P9	3.77	4.09	-0.32
Reliability Average		**3.81**	**4.11**	**-0.3**
Respon- siveness	P10	3.8	4.1	-0.3
	P11	3.8	3.93	-0.13
	P12	3.81	4.28	-0.47
	P13	3.9	4.32	-0.42
Respon. Average		**3.83**	**4.16**	**-0.33**
Assurance	P14	3.78	4.73	-0.95
	P15	3.89	4.26	-0.37
	P16	3.26	4.25	-0.99
	P17	3.7	3.93	-0.23
Assurance Average		**3.66**	**4.29**	**-0.63**
Empathy	P18	3.87	4.42	-0.55
	P19	3.78	4.28	-0.5
	P20	3.67	4.39	-0.72
	P21	3.11	4.21	-1.1
	P22	3.75	4.09	-0.34
Empathy Average		**3.64**	**4.28**	**-0.64**

The data shows that Alfamart is superior in every single metric. The most glaring differences are in variable attention to customers' needs (P21) and trustworthiness of staff (P16). Customers trust the corporate chain better than the cooperative, and they feel the corporate staff cares about their needs significantly more. This contradicts the theoretical "social advantage" of cooperatives. In reality, the corporate "system" of service produces a better "human" experience than the actual community-based cooperative.

G. Importance-Performance Analysis (IPA) of Pindadmart

The IPA matrix provides the strategic roadmap for Pindadmart. By plotting Importance (Expectation) against Performance (Perception), we categorize attributes into four quadrants.

The attributes positioned in Quadrant I of the Importance-Performance Analysis represent critical and urgent priorities that require immediate managerial intervention. This "Concentrate Here" quadrant contains the most damaging performance gaps because customers deem these factors highly important, yet the organization delivers low performance. The specific issues identified are fundamental: P2 (Cleanliness) is a basic hygiene factor that is failing; P3 (Parking) acts as a critical barrier to entry that can deter customers entirely; and

most alarmingly, P7 & P16 (Trustworthiness) signal a perilous erosion of the foundational trust required for customer loyalty. Additionally, P21 (Attention to Needs) indicates a failure in personalized service. These are not just operational shortcomings but are "fires" that directly threaten the business's viability.

Despite widespread performance issues, the analysis reveals vital strengths in Quadrant II, the "Keep Up the Good Work" area. Here, the organization successfully maintains high performance on attributes that customers also rate as highly important. These include P8 (Fulfilling Promised Service), P9 (Providing Clear Information), P11 (Responding to Complaints), and P18 (Staff Courtesy). This indicates that the staff are generally polite and handle formal service recovery processes adequately. These strengths function as essential pillars that are currently preventing a total collapse in customer satisfaction and are areas where existing processes and training must be diligently maintained and protected.

Quadrant III, the "Low Priority" zone, contains attributes rated as both low in importance and low in performance. For this organization, these include P4 (Modern Equipment), P17 (Staff Product Knowledge), and P20 (Equal Treatment Regardless of Status). The low customer importance assigned to these factors suggests that patrons have adjusted their expectations, perhaps viewing the outlet as a traditional, no-frills provider. Consequently, the poor performance on having the latest equipment or highly knowledgeable clerks is an acceptable trade-off. Management resources should not be diverted here, as improvements would yield minimal impact on overall customer satisfaction.

Finally, Quadrant IV highlights areas of "Possible Overkill," where the organization performs well on attributes customers consider less important. The high performance on P1 (Staff Neatness), P5 (Administrative Speed), and P12 (Communication) suggests a possible misallocation of effort. This profile indicates a strong focus on bureaucratic efficiency, procedural neatness, and formal communication—areas often emphasized in internal administration. However, this comes at the expense of the more critical, relationship-driven factors in Quadrant I. Management may need to re-evaluate whether the resources dedicated to perfecting these efficient but lower-impact areas could be better redirected to address the severe trust, cleanliness, and empathy gaps.

Discussion

A. The Structural Disadvantage of Cooperatives

The findings underscore the structural challenges inherent to the cooperative retail model. Pindadmart's deficiency in Tangibles is symptomatic of capital constraints; unlike corporate chains that amortize costs across a vast network, cooperatives often rely on limited retained earnings, resulting in deferred maintenance and infrastructure obsolescence [8], [9]. The significant gap in "Modern Equipment" (P4) directly correlates with this limited capital

expenditure capacity [10]. These resource limitations create a fundamental competitive disadvantage in delivering the modern retail environment consumers now expect [11].

B. The Redefinition of Trust and Empathy

A profound insight from this study is the placement of Trustworthiness and Empathy in the "Concentrate Here" quadrant. While cooperatives are theoretically founded on social capital [12], the data suggests that in commercial retail, trust is predicated on competence consistency rather than social solidarity [13], [14]. The failure in Empathy suggests a human resource deficiency; whereas corporate chains utilize centralized training to standardize service behaviors, cooperative employees may succumb to complacency due to perceived job security within the cooperative structure [15]. This indicates that the assumed relational advantages of the cooperative model do not automatically translate into superior service encounters without deliberate management.

C. Implications for MSME Development

As a hub for MSME products, Pindadmart's service quality directly impacts the brand perception of the goods it hosts. A disorganized or unsanitary retail environment negatively biases consumer perception of the MSME products on display, a phenomenon explained by the "halo effect" [16], [17]. Consequently, service quality improvement is not merely a retail imperative but a developmental necessity for the effective promotion of higher-value MSME goods [18]. Investing in the store's service environment is, therefore, an indirect investment in the marketability of the local products it sells.

D. Managerial Implications and Recommendations

Based on the IPA analysis, the following strategic actions are recommended for Pindadmart:

1. Revitalize Tangibles: Management must implement rigorous Standard Operating Procedures (SOPs) for cleanliness, necessitating operational discipline rather than significant capital investment [19]. Regarding parking, operational management strategies, such as dedicated attendants, should be employed to maximize utility within existing physical constraints [20].
2. Trust Building: The implementation of visible service guarantees (e.g., price accuracy compensations) is recommended to enforce internal reliability and signal trustworthiness to the consumer [21].
3. HR Transformation: Training curricula must evolve from administrative instruction to soft-skills development, utilizing role-playing to enhance empathy and responsiveness [22]. Furthermore, employee incentivization should be linked to customer satisfaction metrics via mechanisms such as "Mystery Shopper" programs [23].
4. Strategic Positioning: Leveraging the "Local" advantage is critical. Pindadmart should capitalize on its unique market position by emphasizing its connection to MSMEs and

fostering a community-centric atmosphere—a "neighborhood feel" that corporate entities frequently find difficult to replicate authentically [24], [25].

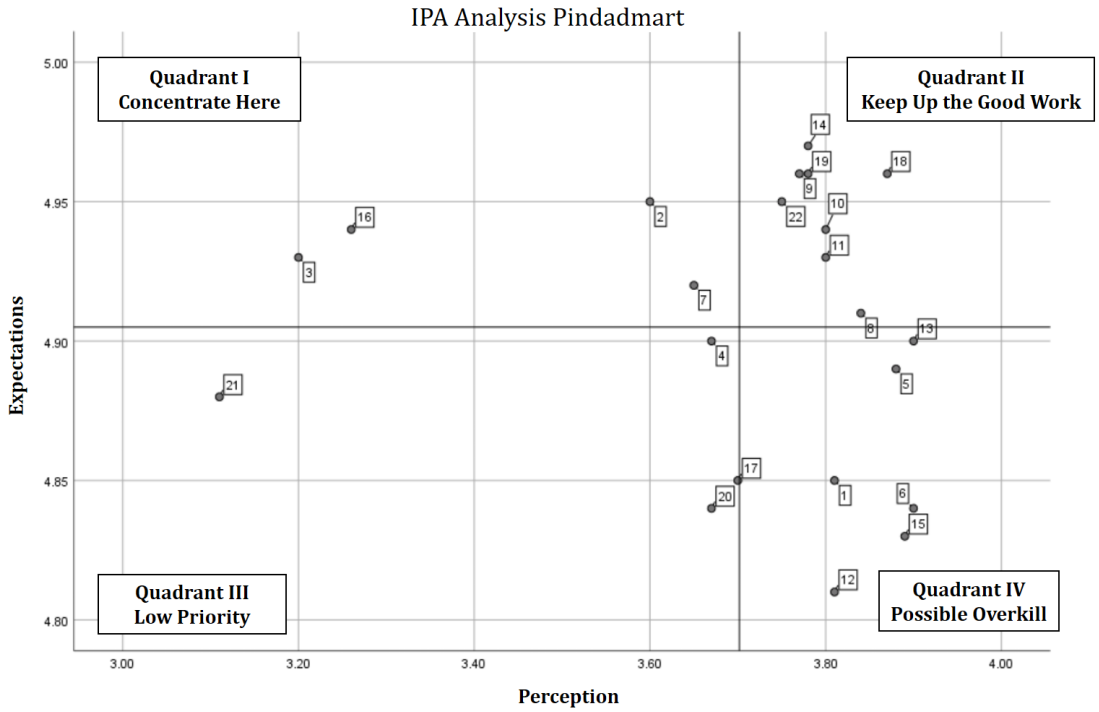


Fig. 1. IPA analysis of Pindadmart.

Conclusion

This research highlights a critical service quality chasm between the cooperative-run Pindadmart and the corporate chain Alfamart. Through SERVQUAL and IPA methodologies, it was determined that while Pindadmart performs adequately in administrative functions, it fails significantly in providing the tangible environment and emotional assurance demanded by modern consumers. Alfamart's superior performance across all dimensions validates the efficacy of the standardized corporate franchise model. For Pindadmart, the path forward necessitates an immediate strategic focus on Trust and Tangibles. The cooperative must transcend its traditional operational limitations and adopt modern retail standards to ensure financial viability and the continued support of MSME welfare. Paradoxically, the preservation of the "Gotong Royong" ethos within the retail sector is contingent upon the cooperative's capacity to professionalize its operations.

Conflict of Interest

The authors declare no conflict of interest.

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