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The Influence of Competitive Strategy, Service Expectation, and Service Quality on Competitive Advantage Mediated by Customer Satisfaction at PT Asuransi Tugu Pratama Indonesia Tbk

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ABSTRACT

In an increasingly competitive insurance industry, a company's ability to develop competitive strategies, meet service expectations, and maintain service quality is the main determinant of competitive advantage. Customer satisfaction is considered a key mediator in this relationship. This study aims to analyze the influence of competitive strategy, service expectations, and service quality on competitive advantage mediated by customer satisfaction at PT Asuransi Tugu Pratama Indonesia Tbk. The research employs a mixed-method approach with a concurrent design. Quantitative data were collected through questionnaires from 240 customer respondents and analyzed using Structural Equation Modeling (SEM) with the assistance of SmartPLS 3.0. Qualitative data were obtained through FGD, SWOT analysis, PESTEL, and BCG matrix to deepen the interpretation of the findings. The results indicate that competitive strategy, service expectations, and service quality have a positive and significant effect on competitive advantage. Customer satisfaction significantly mediates the relationship between these three independent variables and competitive advantage. Innovations that are difficult to replicate, meeting service expectations, and consistent service quality are determining factors. Focusing on customer experience through innovative strategies and quality service is key to creating a sustainable competitive advantage. Companies need to optimize digital-based strategies, improve service quality, and strengthen interactions with customers to ensure satisfaction and loyalty, which will ultimately increase the company's competitiveness in the Indonesian insurance market.

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INTRODUCTION

Unpredictable life risks can occur at any time, so a reliable risk transfer mechanism—one of which is through insurance—is needed to ensure that the reduced economic value of the object affected by the disaster can be guaranteed. Taking your own risks, for example by saving, is often inadequate because the amount of loss often exceeds expectations. In the Indonesian context, the legal foundation of insurance has long been established, including through Law No. 2 of 1992, which affirms the contractual relationship between insurance companies and policyholders in the exchange of premiums and protection benefits.

On a macro level, the role of the insurance industry is reflected in the gross premium indicator and its contribution to GDP (Alizade, 2016; Apergis & Poufinas, 2020; Čepeláková, 2015; Hemrit & Benlagha, 2020). The OJK report (2021) shows an increase in the nominal gross premium from IDR 503.3 trillion (2020) to IDR 530.9 trillion (2021), with a five-year CAGR of around 5.5%, although the ratio of gross premiums to GDP decreased slightly from 3.26% to 3.13%. The gross claims to gross premium ratio increased from

70.8% (2020) to 71.0% (2021), indicating the dynamics of risk and claims payments that follow business growth. At the same time, the number of insurers continues to grow to 372 entities (as of December 31, 2021), indicating an increasingly competitive and complex ecosystem.

This growth is accompanied by an increasingly sharp intensity of competition (Clark et al., 2024; Mazzucato & Parris, 2015; Porter, 2023; Qi et al., 2023). Changing customer preferences, accelerating technology, and low switching costs are driving the shift between service providers. Therefore, companies are required to develop adaptive strategic choices, manage resources systematically, and create superior value that is valued by customers as a foothold of competitive advantage (Rrucaj, 2023). In a landscape with increasingly thin product differentiation, innovation capacity, process orchestration, and precision of marketing execution are determinants of sustainable competitiveness.

PT Asuransi Tugu Pratama Indonesia Tbk (Tugu Insurance) stands out as a relevant case study. The company holds an international rating of A- (Excellent) from A.M. Best, reflecting strong capital and solid risk management. Financial performance showed a current net profit of IDR 235.1 billion (as of September 2022), a consolidated turnover of IDR 20.2 trillion, equity of IDR 8.29 trillion, and RBC of 396.8% (Tugu Insurance, 2023). Its portfolio includes marine, aviation & satellite, engineering, credit & guarantee, and motor vehicles, supported by service transformation programs based on six core values: clean, committed, capable, creative, collaborative, and customer-focused.

From the perspective of service marketing, the intangible character of products demands a different approach than physical goods (Kamasak, 2017; Schönsleben, 2019). Tugu Insurance's usual strategies include product and service innovation, strengthening human resource capabilities, expanding networks and communication channels, and strengthening brand image. However, challenges still exist in the form of limited socialization, the need for experts, and uneven community insurance literacy. This gap signals the need for a more measurable, end-to-end customer journey-oriented mix of strategies.

Theoretically, the study highlights four key constructs that are related to competitive advantage: competitive strategy, service expectations, service quality, and customer satisfaction. Competitive strategies direct the way companies compete in the market, the goals set, and the policies to achieve them (Paley, 2021). Service expectations reflect the consumer-set probability of positive or negative outcomes and are closely related to the expected quality (Barlow, Verhaal, & Angus, 2019; Denoo, Yli-Renko, & Clarysse, 2022). Service quality is understood as the difference between expectations and perceptions of actual performance—with five dimensions of SERVQUAL: tangibles, reliability, responsiveness, assurance, and empathy—which impact satisfaction and loyalty. Although the literature shows a positive tendency—for example, strategy, expectations, and quality of service toward competitive advantage and satisfaction—the empirical findings are inconclusive. Several studies report insignificant or negative effects, on both the influence of strategy and expectations and service quality on competitive advantage, as well as on satisfaction with excellence (Al-Dhaafri & Alosani, 2020; Elrehail et al., 2020; Elshaer & Augustyn, 2016; Quan & Khan, 2024; Van Nguyen & Ngoc, 2024). This research gap opens space for contributions, especially in placing customer satisfaction as a mediating variable

that bridges the impact of strategy, expectations, and service quality on competitive advantage in the context of a highly regulated and digitized insurance industry.

Departing from the macro industry context, Tugu Insurance's corporate profile and state-of-the-art competitive strategy and service management, this study affirms the following theoretical and practical contributions: first, mapping the direct influence of competitive strategies, service expectations, and service quality on competitive advantage; second, examining the mediating role of customer satisfaction as a strategic weapon that strengthens the influence of the three constructs; third, presenting empirical evidence on the Indonesian insurance sector, characterized by strict regulation and the encouragement of technology-based service innovation. Thus, this study is expected to enrich the literature on competitive advantage as well as provide an implementable guide for Tugu Insurance management in designing sustainable strategy-service-customer experience synergy.

METHOD

This study used a mixed-method with a concurrent design, where quantitative and qualitative data were collected and analyzed simultaneously, then combined to provide a comprehensive understanding of the research problem (Creswell, 2016). The quantitative component tested theories, modeled relationships between variables, and tested hypotheses, while the qualitative component explored the context and meaning to sharpen interpretation.

For the quantitative part, the research design was structured and formal, carefully planned before implementation (Asenahabi, 2019). Data were collected using a Likert scale questionnaire and analyzed with statistical procedures and hypothesis testing to assess the influence of Competitive Strategy, Service Expectations, and Service Quality on Competitive Advantage, as well as the mediating role of Customer Satisfaction. The detailed design of quantitative and qualitative activities is presented in Appendix 1.

The qualitative techniques included Focus Group Discussion (FGD), SWOT analysis, PESTEL analysis, and BCG Matrix to gain managerial insights, map the internal and external environment, and identify strategic portfolios. These qualitative findings were integrated with quantitative results to produce evidence-based recommendations.

Data sources included: (a) qualitative data from FGD and SWOT matrix; (b) primary data obtained directly from respondents via written questionnaires (Sugiyono, 2012); and (c) secondary data from literature studies such as journals, books, academic articles, survey reports, and relevant documents to enrich and validate primary findings (Sugiyono, 2012).

The research population consisted of customers of *PT Asuransi Tugu Pratama Indonesia Tbk* (Tugu Insurance) in Jakarta. The sample was determined by purposive sampling based on criteria: age >17 years and subscribed for more than 2 years, ensuring respondents could provide objective and relevant assessments of service experience. Referring to Hair et al. (2021), the minimum sample size was 100 respondents; with 48 indicator items and a 5:1 ratio, the recommended sample was 240 respondents. Time, effort, and cost considerations justified this sampling technique (Cooper & Schindler, 2015; Sugiyono, 2017).

The research variables included: (a) independent variables (X)—Competitive Strategy, Service Expectations, and Service Quality; (b) dependent variable (Y)—Competitive Advantage; and (c) mediating variable (Z)—Customer Satisfaction (Sugiyono, 2017).

Operational definitions and indicators of each variable were measured through validated questionnaire items, allowing testing of direct and indirect (mediation) relationships in the proposed structural model.

RESULTS AND DISCUSSION

Based on the respondent profile, the majority of respondents were in the age range of 31-40 years, namely 120 people or 50.0%, followed by 58 people or 24.2% aged 41-50 years, then 33 people or 13.8% aged 21-30 years, and the rest were over 51 years old as many as 29 people or 12.1%. When viewed from gender, male respondents amounted to 128 people or 53.3%, while women amounted to 112 people or 46.7%. From the level of education, the most respondents were 114 Bachelor graduates or 47.5%, then Diploma 50 people or 20.8%, Masters 34 people or 14.2%, High School/Vocational 28 people or 11.7%, Doctoral 6 people or 2.5%, and Other category 8 people or 3.3%. In terms of family status, as many as 133 people or 55.4% are married, 101 people or 42.1% are unmarried, 5 people or 2.1% are widows, and 1 person or 0.4% are widowers. Meanwhile, in the income category, the most respondents, namely 100 people or 41.7%, had an income of IDR 5,500,001 – IDR 6,500,000, followed by respondents with an income above IDR 6,500,001 as many as 67 people or 27.9%, respondents with an income of IDR 4,000,001 – IDR 5,500,000 as many as 66 people or 27.5%, and respondents with an income of IDR 4,000,000 as many as 7 people or 2.9%.

The results of the descriptive analysis of the Competitive Advantage variable showed that the indicator with the highest mean value was Y1.8 "PT Asuransi Tugu Pratama Indonesia Tbk always introduces new features to meet customer needs" with a value of 4.315. This confirms that innovation in the development of new features is an aspect that respondents highly appreciate in creating a competitive advantage. On the other hand, the indicator with the lowest mean value is Y1.2 "PT Asuransi Tugu Pratama Indonesia Tbk is able to provide a lower premium price compared to competitors in the market" with a value of 4.015. This means that while lower prices are important, respondents tend to prioritize innovation and service development. Overall, these results show that companies are more valued for focusing on innovation rather than price aspects, so a sustainable strategy should be geared towards service innovation while maintaining a competitive price balance.

Analysis of the Competitive Strategy variable (X1) shows that the indicator with the highest mean value is X1.6 "Innovations carried out by PT Asuransi Tugu Pratama Indonesia Tbk create an advantage that is expensive to imitate" with a value of 4.160. This shows that respondents highly value innovations that are unique and difficult for competitors to replicate. However, the X1.4 indicator "PT Asuransi Tugu Pratama Indonesia Tbk offers products and services that are difficult to find in other competitors" obtained a low mean of 4,040, indicating the need to strengthen product differentiation. Meanwhile, in the Service Expectations variable (X2), the indicator with the highest mean is X2.7 "I believe that the promise of service is always fulfilled" with a value of 4.305, reflecting high confidence in the company's consistency in services. The indicators with the lowest mean are X2.2 and X2.10 with a value of 4.073, which indicates the need for improved service personalization as well as a more consistent customer experience to build more positive expectations.

A descriptive analysis of the Quality of Service variable (X3) showed that the X3.8 indicator "I feel confident and confident in the competence of employees" had the highest mean value of 4,300. This shows that employee competence is seen as very important in building service quality. Meanwhile, the X3.2 indicator "Personnel appearance is always neat and professional" has the lowest mean value of 4.005, indicating that the aspect of appearance is considered to have less direct influence than competence. Furthermore, in the Customer Satisfaction variable (Z), the indicator with the highest mean was Z1.5 "I believe that the quality of service is reliable" with a value of 4.335, reflecting high confidence in the company's service consistency. In contrast, the Z1.8 indicator "I am satisfied with the speed of handling complaints" had a low mean of 4,160, which indicates that there is still room for improvement in the speed and efficiency of the company's response. Thus, while service reliability is already highly appreciated, focusing on improving the speed of complaint handling will further strengthen the company's customer satisfaction and competitive advantage.

Table 1. Results of Discriminant Validity Testing with Fornell-Larcker Criterion

	Service Expectations	Customer Satisfaction	Competitive Advantage	Quality of Service	Competitive Strategy
Service Expectations	**0,787**				
Customer Satisfaction	0,779	**0,814**			
Competitive Advantage	0,862	0,820	**0,759**		
Quality of Service	0,691	0,682	0,787	**0,775**	
Competitive Strategy	0,758	0,760	0,821	0,656	**0,741**

Source: primary data processed (2024)

The results of the discrimination validity test with the Fornell-Larcker Criterion in the table above show that the entire construct has a square root value of AVE above the correlation value (0.7) with other latent constructs so that it can be concluded that the model has met the validity of discrimination. Based on the cross Loadings value in the table above, it is explained that the value of cross Loadings is greater than 0.7, then the requirements for convergent validity and discrimination validity have been met. The results of the reliability test in the table above show that all constructs have a composite reliability value of > 0.7 and cronbachs alpha > 0.7 which indicates that all constructs have met reliability.

Goodness of Fit Model Testing

After the validity and reliability of the construct are fulfilled at the outer model testing stage, the test continues to the Goodness of fit model test. The fit of the PLS model can be seen from the value of the SMRM model. The PLS model is declared to have met the criteria of goodness of fit if the SRMR value is < 0.10 and the model is declared perfect fit if the SRMR value is < 0.08. The SRMR value of the saturated model is 0.082 as well as the SRMR value of the predictive model (estimated model) which has an SRMR of 0.082. Because the SRMR value of the saturated model and the estimated model is below 0.10, this PLS model is declared fit, so it is suitable for testing the research hypothesis.

Inner Model Testing (Hypothesis Testing)

The internal model testing includes the test of the significance of the direct influence, the testing of the indirect influence and the large measurement of the influence of each exogenous variable on the endogenous variable. All of these tests will be used to test the research hypothesis. The direct influence significance test was used to test the influence of exogenous variables on endogenous variables. The hypotheses used in this test are:

Ho: Exogenous variables have no significant effect on endogenous variables

Ha: Exogenous variables have a significant effect on endogenous variables

Based on the test results, if the P value is < 0.05 and the t value is calculated > 1.96, then Ho is rejected and it is concluded that the exogenous variable has a significant effect on the endogenous variable, while if the p value is > 0.05, then Ho is not rejected and it is concluded that the exogenous variable has no effect on the endogenous variable. From the results of the significance test, it can also be known the direction of the relationship between the influence of exogenous variables on endogenous. The direction of the relationship can be known from the original value of the sample of each influence relationship.

If the direction of the influence relationship is positive, then the influence of the exogenous variable on the endogenous is positive/unidirectional, while if the original sample is negative, then the direction of the relationship of the influence of the exogenous variable on the endogenous variable is the opposite.

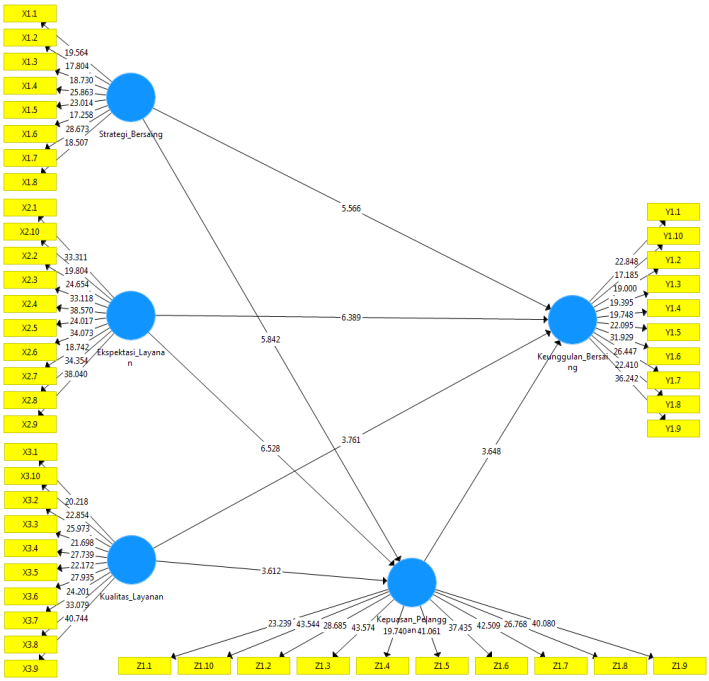


Figure 1. Estimation of PLS Bootstrapping Model

Based on the results of the PLS model estimation with the bootstrapping technique above, all paths are significant with a statistical T > 1.96. The full significance test results can be seen in the following table:

Table 2. Direct Effect Test Results

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (|O/STDEV|)	P Values
Competitive Strategies - > Competitive Advantage	0,244	0,245	0,044	5,566	**0,000**
Service Expectations -> Competitive Advantage	0,362	0,358	0,057	6,389	**0,000**
Quality of Service - > Competitive Advantage	0,256	0,262	0,068	3,761	**0,000**
Customer Satisfaction -> Competitive Advantage	0,178	0,174	0,049	3,648	**0,000**
Competitive Strategy -> Customer Satisfaction	0,338	0,339	0,058	5,842	**0,000**
Service Expectations -> Customer Satisfaction	0,392	0,388	0,060	6,528	**0,000**
Quality of Service -> Customer Satisfaction	0,189	0,192	0,052	3,612	**0,000**

Source: primary data processed (2024)

Table 3. Indirect Influence Test Results

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (|O/STDEV|)	P Values
Competitive Strategy -> Customer Satisfaction -> Competitive Advantage	0,060	0,059	0,020	2,973	**0,003**
Service Expectations -> Customer Satisfaction -> Competitive Advantage	0,070	0,067	0,021	3,280	**0,001**
Quality of Service -> Customer Satisfaction -> Competitive Advantage	0,034	0,034	0,014	2,461	**0,015**

Source: primary data processed (2024).

Based on the results of the direct and indirect influence tests in the table above, the results of the hypothesis test were obtained as follows:

1) H1: Competitive Strategy has a significant positive influence on Competitive Advantage. The p value (Competitive Strategy -> Competitive Advantage) is 0.000 with t-statistic of 5.566 and the path coefficient or Original Sample (O) value is positive (p value < 0.05 and statistical t > 1.96), then Ho is rejected, and Ha is accepted. Hence, the Competitive Strategy has a positive and significant effect on Competitive Advantage.
2) H2: Service Expectations have a significant positive influence on Competitive Advantage. The p value (Service Expectation -> Competitive Advantage) is 0.000 with t-statistic of 6.389 and the path coefficient or Original Sample (O) value is positive (p value < 0.05 and statistical t > 1.96), then Ho is rejected, and Ha is accepted. Hence, Service Expectations have a positive and significant effect on Competitive Advantage.

3) H3: Service Quality has a significant positive influence on Competitive Advantage. The p value (Service Quality -> Competitive Advantage) is 0.000 with t-statistic of 3.761 and the path coefficient or Original Sample (O) value is positive (p value < 0.05 and statistical t > 1.96), then Ho is rejected, and Ha is accepted. So it can be concluded that Service Quality has a positive and significant effect on Competitive Advantage.
4) H4: Customer Satisfaction has a significant positive influence on Competitive Advantage. The p value (Customer Satisfaction -> Competitive Advantage) is 0.000 with t-statistic of 3.648 and the path coefficient or Original Sample (O) value is positive (p value < 0.05 and statistical t > 1.96), then Ho is rejected, and Ha is accepted. Hence, Customer Satisfaction has a positive and significant effect on Competitive Advantage.
5) H5: Competitive Strategy has a significant positive influence on Customer Satisfaction. The p value (Competitive Strategy -> Customer Satisfaction) is 0.000 with t-statistic of 5.842 and the path coefficient or Original Sample (O) value is positive (p value < 0.05 and t-statistic > 1.96), then Ho is rejected, and Ha is accepted. Hence, Competitive Strategy has a positive and significant effect on Customer Satisfaction.
6) H6: Service Expectations have a significant positive influence on Customer Satisfaction. The p value (Service Expectations -> Customer Satisfaction) is 0.000 with t-statistic of 6.528 and the path coefficient or Original Sample (O) value is positive (p value < 0.05 and t-statistic > 1.96), then Ho is rejected, and Ha is accepted. Hence, Service Expectations have a positive and significant effect on Customer Satisfaction.
7) H7: Service Quality has a significant positive influence on Customer Satisfaction. The p value (Service Quality -> Customer Satisfaction) is 0.000 with t-statistic of 3.612 and the path coefficient or Original Sample (O) value is positive (p value < 0.05 and statistical t > 1.96), then Ho is rejected, and Ha is accepted. Hence, Service Quality has a positive and significant effect on Customer Satisfaction.
8) H8: Customer Satisfaction mediates the relationship between Competitive Strategy versus Competitive Advantage. The p value (Competitive Strategy -> Customer Satisfaction -> Competitive Advantage) is 0.003 with a statistical t of 2.973 and the path coefficient or Original Sample (O) value is positive (p value < 0.05 and statistical t > 1.96), then Ho is rejected, and Ha is accepted. Hence, Customer Satisfaction is proven to be able to predict positively and significantly in mediating the relationship between Competitive Strategy and Competitive Advantage.
9) H9: Customer Satisfaction mediates the relationship between Service Expectations and Competitive Advantage. The p value (Service Expectations -> Customer Satisfaction -> Competitive Advantage) is 0.001 with a statistical t of 3.280 and the path coefficient or Original Sample (O) value is positive (p value < 0.05 and statistical t > 1.96), then Ho is rejected, and Ha is accepted. Hence, Customer

Satisfaction has been proven to be able to predict positively and significantly in mediating the relationship between Service Expectations and Competitive Advantage.

10) H10: Customer Satisfaction mediates the relationship between Quality of Service to Competitive Advantage. The p value (Service Quality -> Customer Satisfaction -> Competitive Advantage) is 0.015 with a statistical t of 2.461 and the path coefficient or Original Sample (O) value is positive (p value < 0.05 and statistical t > 1.96), then Ho is rejected, and Ha is accepted. Hence, Customer Satisfaction is proven to be able to predict positively and significantly in mediating the relationship between Service Quality and Competitive Advantage.

Table 4. SWOT Matrix at PT Asuransi Tugu Pratama Indonesia Tbk

	STRENGTH(S)	**DISADVANTAGES (W)**
	• PT Asuransi Tugu Pratama Indonesia Tbk always introduces new features to meet customer needs. • The innovations carried out by PT Asuransi Tugu Pratama Indonesia Tbk create an expensive advantage for competitors to imitate. • I believe that the service promises delivered by PT Asuransi Tugu Pratama Indonesia Tbk are always fulfilled. • PT Asuransi Tugu Pratama Indonesia Tbk responded promptly to my complaints or questions. • Employees of PT Asuransi Tugu Pratama Indonesia Tbk are polite and professional in serving customers/insureds.	• PT Asuransi Tugu Pratama Indonesia Tbk is able to provide a lower premium price compared to competitors in the market. • PT Asuransi Tugu Pratama Indonesia Tbk offers products and services that are difficult to find in other competitors. • The services provided by PT Asuransi Tugu Pratama Indonesia Tbk are able to meet my personal needs, both physical, social, and psychological. • The appearance of PT Asuransi Tugu Pratama Indonesia Tbk personnel is always neat and professional. • I am satisfied with the speed of PT Asuransi Tugu Pratama Indonesia Tbk in handling complaints or resolving problems.
OPPORTUNITY (O)	**SO STRATEGY**	**WO STRATEGY**
• PT Asuransi Tugu Pratama Indonesia Tbk is the first in the market to offer new insurance products. • The services provided by PT Asuransi Tugu Pratama Indonesia Tbk have uniqueness that is rarely found in other insurance companies. • I understand that certain situational factors may affect the quality of services provided by PT Asuransi Tugu Pratama Indonesia Tbk.	• Accelerating the Digitization of Services: Using excellence in technological innovation to introduce new features that meet customer needs, such as faster and more intuitive online claims systems. (S1, S2, O1, O2, O5) • Enhanced Branding: Leveraging the company's reputation to strengthen branding and attract market segments that care about premium services. (S3, S4, S5, O3, O4).	• Premium Price Optimization: Offers more competitive premiums to attract new customers without sacrificing service quality. (W1) • Integration of Old and New Technologies: Aligning old technologies with new systems to improve operational efficiency. (W2, W5, O1, O4, O5) • Diversification of Services: Increasing the variety of services to reach a wider range of customer needs. (W3, W4, O2, O3)

• The physical facilities provided by PT Asuransi Tugu Pratama Indonesia Tbk look modern and adequate. • PT Asuransi Tugu Pratama Indonesia Tbk provides convenience in the claim service process.		
THREAT (T)	**ST STRATEGY**	**WT STRATEGY**
• PT Asuransi Tugu Pratama Indonesia Tbk offers competitive premium prices compared to other insurance companies. • The resources and competencies possessed by PT Asuransi Tugu Pratama Indonesia Tbk are not easily replaced by other solutions in the market. • The services provided by PT Asuransi Tugu Pratama Indonesia Tbk do not have a commensurate substitute alternative. • The prices and supporting facilities provided by PT Asuransi Tugu Pratama Indonesia Tbk reflect the expected quality of service. • My past experience with PT Asuransi Tugu Pratama Indonesia Tbk has influenced my expectations for current services.	• AI-Based Innovation: Using AI technology to create service advantages that are difficult for competitors to replicate. (S1) • Improved Customer Satisfaction: Leveraging the advantages of responsive service to increase loyalty amid fierce competition. (S2, T1, T5) • Service Team Training: Hone the professionalism of employees so that they always provide excellent service according to the company's promises. (S4, S5, T4) • Strengthening Business Partners: Strengthening relationships with partners to maintain positions in niche markets. (S3, T2, T3)	• Claims Process Efficiency: Reduced claims settlement time to increase competitiveness with competitors who offer faster processes. (T1) • Loyalty Benefits Enhancement: Strengthen loyalty programs with concrete benefits to attract new customers and retain old ones. (W3, W4, W5, T2, T3, T5) • Operational Cost Optimization: Reduce operational costs without compromising service quality to be able to compete in a tight premium price market. (W1, W2, T4)

Source: Data Processed

The Influence of Competitive Strategy on Competitive Advantage

Based on the results of testing the first hypothesis (H1), it was found that the Competitive Strategy variable has a positive and significant effect on Competitive Advantage, with a p-value of 0.000, a t-statistic of 5.566, and a positive path coefficient (p-value < 0.05 and t-statistic > 1.96), thus rejecting Ho and accepting Ha. This finding indicates that the better the competitive strategy implemented by PT Asuransi Tugu Pratama Indonesia Tbk, the higher the competitive advantage achieved, where innovative approaches and strong differentiation enable the company to win market competition. This result is consistent with Ali & Anwar (2021), who found that differentiation strategy has a weak but positive influence on competitive advantage, and Keskin et al. (2021), who revealed that competitive strategies improve export performance and competitive advantage, with adjusted R^2 values ranging from 0.693 to 0.763, showing that the models explain the variance in competitive advantage well. The managerial implication of this finding is that PT Tugu Insurance's management needs to strengthen the implementation of competitive strategies based on digitalization and focus on niche markets such as the oil and gas sector by developing

analytical technology, introducing more responsive products, and optimizing strategic partnerships with large corporations. Furthermore, interviews with the Marketing Manager indicate that while the digitalization strategy has been effective, challenges remain due to low digital literacy among certain customer segments, making investment in customer education, proactive communication, and enhanced collaboration with business partners crucial to expand customer networks, improve operational efficiency, and ensure the sustainability of PT Tugu Insurance's competitive advantage.

The Effect of Service Expectations on Competitive Advantage

Based on the results of testing the second hypothesis (H2), it was found that the Service Expectation variable has a positive and significant effect on Competitive Advantage, as indicated by a p-value of 0.000, a t-statistic of 6.389, and a positive path coefficient (p-value < 0.05 and t-statistic > 1.96), thus rejecting Ho and accepting Ha. This means that the higher the customers' expectations of the services offered, the greater their contribution to enhancing the company's competitive advantage, with the fulfillment of customer expectations serving as a key factor in creating added value and sustaining market position.

This finding is in line with Lasalewo et al. (2016), who showed that competitive strategies seen from service expectations—such as developing products with unique features, on-time delivery, production flexibility, and employee involvement in innovation—are crucial for SMEs to produce quality products and maintain competitiveness. Similarly, research by Hariandi (2019) revealed that although there was no direct significant correlation between e-commerce strategies (expectations and luck) and performance, competitive advantage acted as a mediator that linked service expectations with performance. The managerial implication of this finding is that PT Tugu Insurance's management must consistently ensure the fulfillment of customer expectations through responsive, transparent, and innovative services by strengthening digital service channels, accelerating claims processes, and providing personalized solutions tailored to customer needs. Insights from interviews with the Marketing Manager highlight that customers have high expectations regarding claims speed and process transparency, though consistency remains a challenge during peak claims periods. Therefore, investment in automation technology and staff training is recommended to enhance efficiency and maintain customer satisfaction, while customer education on product benefits and claim procedures is essential to build trust and reinforce the company's competitive advantage. This strategy not only improves customer loyalty but also strengthens PT Tugu Insurance's reputation as a superior insurance service provider.

The Influence of Service Quality on Competitive Advantage

Based on the results of testing the third hypothesis (H3), it was found that the Service Quality variable has a positive and significant effect on Competitive Advantage, indicated by a p-value of 0.000, a t-statistic of 3.761, and a positive path coefficient (p-value < 0.05 and t-statistic > 1.96), thus rejecting Ho and accepting Ha. This means that improvements in service quality provided by PT Asuransi Tugu Pratama Indonesia Tbk directly enhance the company's competitive advantage, highlighting the importance of maintaining and improving service standards to meet customer needs. These findings are consistent with

Kusumadewi & Karyono (2019), who showed that service quality and service innovation impact competitive advantage, Rashid et al. (2019), who found that banking service quality and its dimensions significantly affect competitiveness, and Syapsan (2019), who revealed that service quality influences marketing strategies, where better service quality leads to higher customer satisfaction. The managerial implication is that PT Tugu Insurance must continuously improve service quality through faster and more transparent claims reporting systems, enhanced staff skills, and optimized technology use to ensure service speed and accuracy, supported by consistent standard operating procedures across all service lines. Insights from interviews with the Technical Manager indicate that while service quality is generally good, particularly in handling large claims, there is room for improvement in consistency and claim resolution times. Therefore, investing in application-based service systems and providing regular staff training are recommended to increase efficiency and deliver better customer experiences. By strengthening overall service quality, PT Tugu Insurance can sustain its competitive advantage and foster stronger customer loyalty.

The Influence of Customer Satisfaction on Competitive Advantage

Based on the results of testing the fourth hypothesis (H4), it was found that the Customer Satisfaction variable has a positive and significant effect on Competitive Advantage, as indicated by a p-value of 0.000, a t-statistic of 3.648, and a positive path coefficient (p-value < 0.05 and t-statistic > 1.96), thus rejecting Ho and accepting Ha. This demonstrates that the more satisfied customers are with the services provided, the greater the company's competitive advantage, with customer satisfaction serving as a key indicator for creating loyalty and sustaining advantage in a competitive market. These findings are consistent with El-Garaihy, Mobarak, & Albahussain (2014), who emphasized that customer satisfaction strongly influences the achievement of competitive advantage, Wedysiage, Hatane, & Deviesa (2021), who confirmed that employee commitment acts as a mediating variable strengthening the relationship between CSR, customer satisfaction, and competitive advantage, and Joudeh et al. (2017), who empirically verified that the marketing mix positively affects customer satisfaction and competitive advantage. The managerial implication of this result is that PT Tugu Insurance must prioritize enhancing customer satisfaction as a core strategy to reinforce its competitive advantage by improving service responsiveness, offering personalized solutions, and conducting regular satisfaction surveys to capture evolving customer expectations. Additionally, implementing loyalty programs or reward systems can help build stronger long-term relationships. Insights from interviews with the Technical Manager revealed that customer satisfaction plays a vital role in retaining loyalty and competitiveness, with claims processing speed highlighted as a key concern. Therefore, investing in a more intuitive digital claims system, accelerating resolution times, and providing customer education on product benefits and features are strongly recommended. By placing customer satisfaction at the forefront, PT Tugu Insurance can sustain its competitive position and achieve continuous growth in an increasingly competitive market.

The Influence of Competitive Strategies on Customer Satisfaction

Based on the results of testing the fifth hypothesis (H5), it was found that the Competitive Strategy variable has a positive and significant effect on Customer Satisfaction, as indicated by a p-value of 0.000, a t-statistic of 5.842, and a positive path coefficient (p-value < 0.05 and t-statistic > 1.96), thus rejecting Ho and accepting Ha. This means that implementing an appropriate competitive strategy not only strengthens the company's market position but also enhances customer satisfaction, as responsive strategies tailored to customer needs provide better experiences and increase satisfaction. These findings are consistent with Ayaga & Nnabuko (2019), who confirmed a significant positive relationship between competitive strategy and customer satisfaction, Chen & Liu (2019), who showed that customer loyalty mediates the link between strategy and satisfaction, and Afolabi & Adegoke (2014), who identified key factors contributing to satisfaction in Nigeria's mobile network sector. The managerial implication of this result is that PT Tugu Insurance's management must ensure that its competitive strategies are aligned with customer needs and expectations through customer-focused approaches such as personalized services, product innovation, and strategic collaborations, supported by regular evaluations to maintain relevance and ensure optimal customer experiences. Insights from interviews with the Marketing Manager highlight that strategies based on digitalization and niche market focus, such as oil and gas, have significantly improved satisfaction by providing easier access and faster services, though some customers expressed concerns over the lack of proactive communication on product and service updates. Therefore, enhancing digital communication channels and intensifying customer education about product benefits are strongly recommended, as these measures not only improve satisfaction but also reinforce customer trust, thereby supporting the overall competitive strategy.

The Effect of Service Expectations on Customer Satisfaction

Based on the results of testing the sixth hypothesis (H6), it was found that the Service Expectation variable has a positive and significant effect on Customer Satisfaction, as indicated by a p-value of 0.000, a t-statistic of 6.528, and a positive path coefficient (p-value < 0.05 and t-statistic > 1.96), thus rejecting Ho and accepting Ha. This means that consistently meeting policyholders' expectations of services can significantly increase their satisfaction, with a deep understanding of customer expectations becoming a strategic step in delivering services that exceed them. This finding aligns with Yi & La (2004), who revealed that the impact of service expectations on satisfaction differs depending on customer loyalty levels, and Johnson, Nader, & Fornell (1996), who noted that while performance expectations may not directly influence satisfaction in some contexts, they remain a stronger predictor for many products and services. Similarly, Ofir & Simonson (2007) demonstrated that explicitly asking customers to articulate their expectations may sometimes backfire, leading to more negative evaluations of their experiences. The managerial implication of this result is that PT Tugu Insurance must focus on a deep understanding of customer expectations through regular surveys, innovation in products and services, and enhanced quality interaction supported by staff training and advanced technology for personalized experiences. Insights from interviews with the Marketing Manager indicate that customers have high expectations for speed, transparency, and accessibility of services, and although most of these expectations are being met,

improvements are still needed in faster response times and more proactive communication. Therefore, continuous investment in digital service technologies and responsive communication channels is highly recommended to consistently meet customer expectations, strengthen long-term relationships, and increase customer loyalty toward PT Tugu Insurance.

The Effect of Service Quality on Customer Satisfaction

Based on the results of testing the seventh hypothesis (H7), it was found that the Service Quality variable has a positive and significant effect on Customer Satisfaction, as indicated by a p-value of 0.000, a t-statistic of 3.612, and a positive path coefficient (p-value < 0.05 and t-statistic > 1.96), thus rejecting Ho and accepting Ha. This means that the better the quality of service provided, the higher the level of customer satisfaction, with high-quality services forming the foundation for building strong customer relationships. This finding is consistent with Al-Tit (2015), who showed that service quality has a positive effect on satisfaction and retention, Paul, Mittal, & Srivastav (2016), who found that product knowledge, responsiveness, query resolution, and fast services positively influence satisfaction in private banks, and Farooq et al. (2018), who confirmed that all five AIRQUAL dimensions—physical evidence, terminal tangibles, staff service, empathy, and brand image—positively affect customer satisfaction. The managerial implication is that PT Tugu Insurance must prioritize continuous improvements in service quality by ensuring fast, consistent, and responsive services, supported by investments in customer service technologies such as automation systems to accelerate claims processes and tracking, as well as ongoing staff training to enhance skills in addressing customer needs. Insights from interviews with the Marketing Manager revealed that while customers appreciate the company's responsiveness to major claims, delays in certain cases remain an issue; thus, streamlining administrative processes and introducing app-based service features for real-time claim access are strongly recommended to strengthen customer trust and create better experiences, ultimately increasing overall customer satisfaction.

Customer Satisfaction mediates the relationship between Competitive Strategy versus Competitive Advantage

Based on the results of testing the eighth hypothesis (H8), it was found that Customer Satisfaction mediates the relationship between Competitive Strategy and Competitive Advantage positively and significantly, as indicated by a p-value of 0.003, a t-statistic of 2.973, and a positive path coefficient (p-value < 0.05 and t-statistic > 1.96), thus rejecting Ho and accepting Ha. This means that a well-implemented competitive strategy increases customer satisfaction, which in turn contributes to strengthening the company's competitive advantage, with customer satisfaction serving as a crucial bridge that amplifies the impact of strategy on competitiveness. The managerial implication is that PT Tugu Insurance must recognize customer satisfaction as a key link between competitive strategy and competitive advantage by ensuring that strategies designed to meet customer needs are accompanied by efforts to maximize satisfaction through product adjustments aligned with market demand, optimization of technology-based services, and stronger customer communication. Insights from interviews with the Marketing Manager confirm that the current strategies, such as

digitalization and a focus on niche markets, have enhanced satisfaction by making services faster and more transparent, though further improvements in service innovation and proactive communication about product updates are necessary. By placing customers at the center of its competitive strategy, PT Tugu Insurance can reinforce its competitive position while fostering stronger and more sustainable relationships with policyholders.

Customer Satisfaction in Mediating the Relationship Between Service Expectations and Competitive Advantage

Based on the results of testing the ninth hypothesis (H9), it was found that Customer Satisfaction mediates the relationship between Service Expectation and Competitive Advantage positively and significantly, as shown by a p-value of 0.001, a t-statistic of 3.280, and a positive path coefficient (p-value < 0.05 and t-statistic > 1.96), thus rejecting Ho and accepting Ha. This indicates that fulfilling service expectations enhances customer satisfaction, which in turn strengthens the company's competitive advantage. The managerial implication is that PT Tugu Insurance must place greater emphasis on meeting and exceeding customer service expectations to maximize satisfaction and sustain competitiveness through routine monitoring of customer expectations, improving service speed and transparency, and developing innovative products and services aligned with customer needs. Insights from interviews with the Marketing Manager reveal that customers hold high expectations for accessible, fast, and transparent service solutions, and while most expectations have been met, opportunities remain to improve consistency across all service touchpoints. Therefore, investing in staff training and adopting advanced technologies to proactively identify and address customer expectations are recommended to further increase satisfaction, ultimately enhancing the company's long-term competitive advantage.

Customer Satisfaction in Mediating the Relationship Between Service Expectations and Competitive Advantage

Based on the results of testing the tenth hypothesis (H10), it was found that Customer Satisfaction mediates the relationship between Service Quality and Competitive Advantage positively and significantly, as evidenced by a p-value of 0.015, a t-statistic of 2.461, and a positive path coefficient (p-value < 0.05 and t-statistic > 1.96), thus rejecting Ho and accepting Ha. This indicates that improvements in service quality not only enhance customer satisfaction but also significantly contribute to strengthening the company's competitive advantage, with satisfaction serving as the key link connecting service quality to competitiveness. The managerial implication is that PT Tugu Insurance must prioritize high and consistent service quality to build sustainable customer satisfaction by raising service standards, adopting advanced technologies for more responsive customer interactions, and providing staff training focused on customer needs, while also conducting regular evaluations to ensure all service touchpoints deliver the best experience. Insights from interviews with the Marketing Manager reveal that while service quality is already strong, particularly in handling major claims, faster response times are still needed in certain areas, making the adoption of technology-based service systems, such as user-friendly applications for claims and information access, along with proactive communication about claim status and service updates, essential steps. By ensuring superior and consistent service quality, PT

Tugu Insurance can improve customer satisfaction, reinforce competitiveness, and build stronger long-term relationships with its customers.

Strategy in competitive advantage at PT Asuransi Tugu Pratama Indonesia Tbk

To strengthen its competitive advantage, PT Asuransi Tugu Pratama Indonesia Tbk must implement a comprehensive strategy that supports sustainable competitiveness by continuously introducing innovative services and products that are difficult for competitors to imitate through investments in advanced technology to create efficient, digital-based solutions aligned with customer needs, while maintaining service reliability as a top priority by accelerating responses to customer complaints to enhance satisfaction and loyalty; optimizing internal strengths such as employee professionalism through continuous training to boost competence in navigating competitive market dynamics; executing effective marketing strategies to highlight the company's unique services and superior features, including offering competitive premiums without compromising quality; and reinforcing corporate social responsibility (CSR) programs to build a positive corporate image and foster strong relationships with local communities, thereby positioning PT Asuransi Tugu Pratama Indonesia Tbk as a leading player in the Indonesian insurance industry..

CONCLUSION

The study found that competitive strategies, service expectations, and service quality significantly and positively influenced competitive advantage, with customer satisfaction playing a strong mediating role that highlights the importance of customer experience in sustaining competitive advantage. The SWOT and EFAS/IFAS analyses indicated that emphasizing innovation, technology, and product uniqueness enables PT Asuransi Tugu Pratama Indonesia Tbk to capitalize on opportunities and address weaknesses in the competitive insurance market. Managerial implications suggest the company should focus on developing customer-oriented, digitally supported products and services, enhance employee competencies, optimize operational efficiency, strengthen strategic partnerships, and prioritize risk management, regulatory compliance, CSR, and sustainability practices to improve competitiveness and long-term sustainability. Future research could explore the impact of emerging digital technologies and environmental sustainability initiatives on customer satisfaction and competitive advantage in the insurance industry.

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