## ABSTRACT

The existence of land transportation access which connecting Jakarta and Bandung has been proven to be the main factor in determining the economy growth for both those major cities. All this time public had found the railway as the most favorite mass transportation to travel between Jakarta and Bandung, in this case using either Argo Gede rail or Parahyangan rail. But ever since the Cipularang highway access was opened by the end of May 2005, the rapid decreasing of income had stricken PT. KAI Daop II Bandung as the owner of Argo Gede rail and Parahyangan rail. It was suspected that the time saving and vehicle options availability as the cause of that decreasing. Hence PT.KAI Daop II Bandung urgently needs such competitive advantage to maintain its competition with Cipularang highway access.

This research was conducted using descriptive statistic method. Data collecting had been done by spreading questioners to 209 respondents using the simple non-random sampling technique. The measurement tool used was the descriptive frequency to find out the quantity of each variable needed. While secondary data was gathered from internal source which is PT. KAI DAOP II Bandung and from third party sources. From the calculation and analysis of both primary and secondary data using SWOT and TOWS matrix, it was formulated such practical strategy which in turn shall become the competitive advantage. This competitive advantage consists of the re-formulation of marketing strategy which is segmentation, targeting, and positioning, the determination of value added for Argo Gede rail and Parahyangan rail, and the implementation of marketing mix 4P.

Key Words : Argo Gede Rail, Parahyangan Rail, Cipularang Highway