

## **ABSTRACT**

*Firm performance is something that is produced by a company in a certain period with reference to the standard set. This happens because the hospitality business in Bandung City attracted many businessmen with increasing numbers of domestic and foreign tourist visits from year to year. This leads to competitive market competition and leads to unhealthy competition. Some of the hotels bring down the customer pricing to get customers and stay competitive. The right thing companies do to survive in this competition is to create a competitive advantage. Competitive advantage can be built by adopting the principles of supply chain management and marketing capabilities.*

*Based on the phenomenon, the purpose of the research is to determine the behavior of supply chain management and marketing capability to the company's performance directly or through the competitive advantage as a mediator.*

*This research is a quantitative research with causal data analysis. The study was conducted on 77 respondents who are managers of the hotel. The collected data is then processed with SEM-PLS data analysis techniques and using SmartPLS version 3.0 software.*

*The results show that supply chain management practices have a positive effect on competitive advantage, but do not have a positive influence on the performance of the company because the implementation of supply chain management practices has not been well integrated in the hospitality industry of Bandung City. Other research results explain the ability of marketing has a positive influence on competitive advantage and company performance. This study also shows that the competitive advantage in this research is a good intervening variable because it can mediate the relationship of marketing capability to firm performance, but not a good intervening variable in mediating the supply chain management practices relationship to firm performance in the hospitality industry of Bandung city.*

*Things that must be done by the hotel to create competitive advantage that affect firm performance by improving the management of supply chain management practices and maintain a series of marketing capability activities that have been well done by hotel.*

**Keywords:** *Competitive Advantage, Firm Performance, Marketing Capability, PLS, Supply Chain Management Practices*