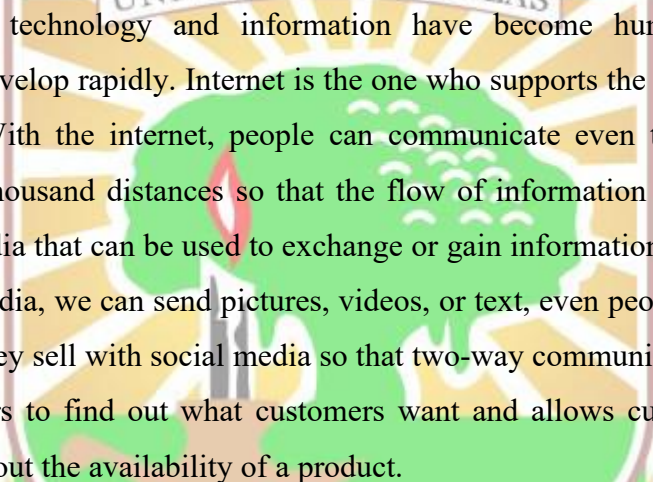


CHAPTER I

INTRODUCTION

This chapter consists of the background of the problem, formulation of the problem, objectives of the research, scopes of the problem, and outline of the research.

1.1. Background



Today, technology and information have become human needs and continues to develop rapidly. Internet is the one who supports the facilities to gain information. With the internet, people can communicate even though they are separated by thousand distances so that the flow of information can go quickly. One of the media that can be used to exchange or gain information is social media. With social media, we can send pictures, videos, or text, even people can promote the products they sell with social media so that two-way communication is formed. It allows sellers to find out what customers want and allows customers to gain information about the availability of a product.

The effect of this fast-flowing information results in no space and time limitations due to information and technology developments. Lakutomo (2014), along with the effect of technology development that encourages customers to access the internet at any time, product and service business actors are then required to offer a new trade concept that offers speed and accuracy in network marketing with the concept of e-marketing, so that marketing can reach all over the world. One of the technologies used by business actors to develop their business to be precise, fast, and accurate is using Electronics Commerce or E-commerce.

According to Turban et al. (2015), e-commerce is an activity to buy, sell, or trade goods, services, or data via the internet. In other words, buying and

selling activities are no longer in the form of face-to-face interactions but by using the internet, applications, or mobile device browsers. E-commerce exists as a positive impact of digitalization to increase business success to fulfill customer needs. The positive relationship between digitalization and e-commerce business opportunities that offer convenience and speed makes e-commerce more popular than conventional concepts. For sellers, the online shop concept is also very profitable because it can reduce operational costs. For buyers, shopping will become very easy, cheaper, and can be done anywhere and anytime. According to Pemberdayaan Informatika Director, Direktorat Jendral Aplikasi Informatika Kementrian Kominfo, Septriana Tangkary, said that the growth value of e-commerce in Indonesia is in the 1st place with a growth of 78%, followed by Mexico is in 2nd place with a growth value of 59% (Skalanews, 2019). The increasing use of e-commerce in Indonesia can also be seen from the transaction value that continues to increase from year to year. The estimated value of e-commerce transactions from the 14th largest marketplace in Indonesia according to Bank Indonesia can be seen in **Figure 1. 1**.

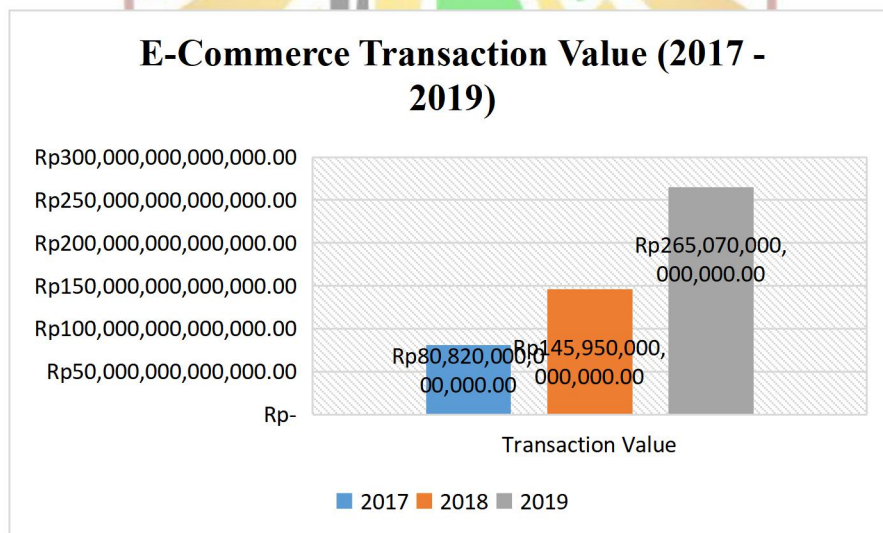


Figure 1.1 E-commerce Transaction Value 2017-2019
(Bank Indonesia, 2020)

Figure 1.1 shows a significant increase in the total transaction value in e-commerce from 2017 until 2019. It can be assumed that this increase in

transaction value also can reflect an increase in the number of requests by customers (demand).

The increasing demand of e-commerce or non-conventional business activities encourages the use of courier services in Indonesia because in carrying out business activities, e-commerce or non-conventional business needs courier services for the goods delivery they sell on e-commerce. Therefore, courier service companies have an essential role in business activities, distribution channels of goods, and the fluency flow of goods from one place to another, either by land, sea, or air. The continued growth of e-commerce has also contributed to an increase in the marketing of courier service companies (Hulu, 2017). This can be seen from the rising number of service courier company especially in Indonesia today, such as J&T which was established in 2015, siCepat in 2014, and Anteraja in early 2019. Based on data from Badan Pusat Statistik (BPS) regarding the growth rate of the postal and courier service business activities can be seen in **Figure 1.2**.

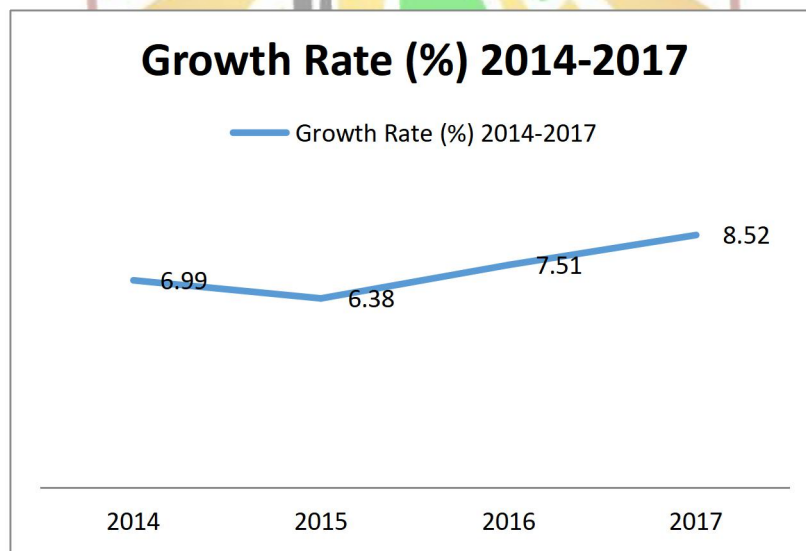


Figure 1.2. Growth Rate of Postal and Courier Service 2014-2017 (BPS, 2019)

Figure 1.2 shows there was an increase in the growth rate of postal and courier services from 2015-2017. The increasing use of courier services as an effect of online transactions can also be seen based on data on the use of postal

and courier services according to internet usage, about 74% of the use of postal and courier services comes from online transactions, while services from conventional transactions are 26% (BPS, 2017). The data shows that online transaction users dominate more than conventional transactions. Also, the increase in the number of courier service companies is motivated by the enactment of Law No. 38 in 2009, it says that companies that can enter the courier service business are not only limited to Badan Usaha Milik Negara (BUMN), but also private companies, cooperative, or Badan Usaha Milik Daerah (BUMD).

Jakarta is one of the regions with the highest level of e-commerce or non-conventional transactions in Indonesia. This is supported by faster and more accessible internet access services in urban areas such as Jakarta (Rezeki, 2018). The ease of internet access that drives the high level of e-commerce growth in Jakarta then also impacts service courier companies providing courier services. The demand for goods delivery services also continues to grow along with the development of e-commerce.

Based on data from top brand awards, which is a brand award event, there are 5 courier services included in the survey conducted by top brand awards. There are 4 private companies and 1 state-owned company. Services usually provided by courier services, in general, are regular delivery services and next-day delivery services. Regular delivery services usually have estimated time delivery 1-2 days inside the city and 1-14 days outside the city; and next day delivery service has estimated time delivery within 24 hours.

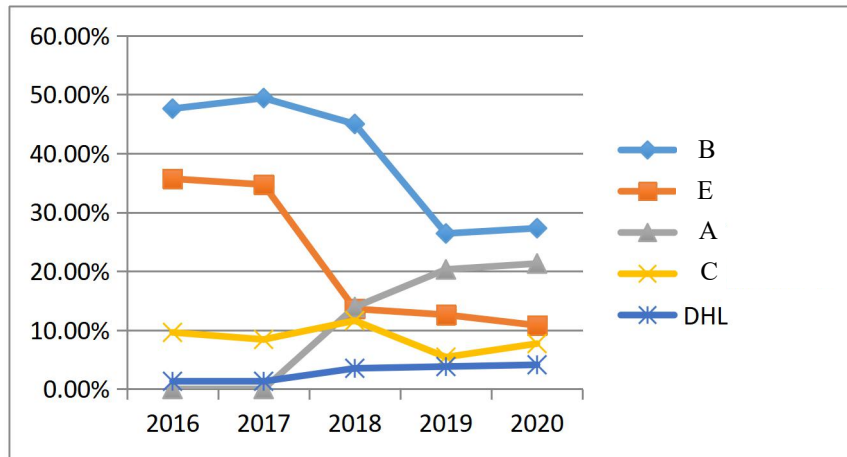


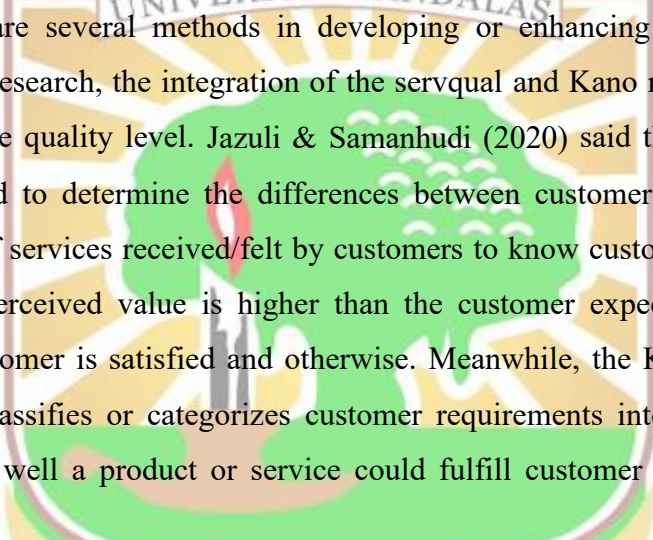
Figure 1.3. Top Brand Index Courier Service Category 2016-2020

(Source: www.topbrand-award.com (has been processed))

According to Top Brand Index data, the courier service category from 2016 until 2020 (**Figure 1.3.**) shows that a private company which is company A that was established in 2015 has a top brand index value that continues to increase compared to its competitors from 2016 until 2020. This is in contrast to the state-owned courier company which is company C that has been established since 1995, which experienced stagnant growth and even decreased in 2016 to 2017 and from 2018 to 2019. The decline and stagnant growth of this brand index might be caused by several reasons such as the emerges of many new courier service providers, e-commerce developed their delivery services or may be caused by provided services quality itself. Therefore, to increase company value, the delivery service company competes to innovate, enhances service quality, and does promotions to survive market competition.

According to Hidalgo (2020) service level objectives are targets for how often you can fail or otherwise not operate properly and still ensure that your users are not meaningfully upset. Service level measures or scales are needed to evaluate the system's service quality (Asnawi et al., 2019). Service quality is one of the essential factors in the sustainability of a service company because service quality can affect the level of customer satisfaction (Yulianto & Kusumawati, 2016). If customer satisfaction can be achieved, this is the achievement of the company to win the competition. Therefore, it is necessary to measure the level of

service quality so that company can update knowledge about customer's priorities and improved quality of service provided by competitors. A better understanding of customer's perceptions of service quality allows businesses to identify their relative strengths, weaknesses, and point out paths to future progress and improvement (A. Amaral et al., 2019). Also, a flawless and maintained service quality can prevent any negative action as a results of customer dissatisfaction such as showing dissatisfaction through bad communication, negative company's image formed, loss of recommendation from customers (word of mouth), customers use another courier service from competitors.



There are several methods in developing or enhancing service quality levels. In this research, the integration of the servqual and Kano model is used to measure service quality level. Jazuli & Samanhudi (2020) said that the servqual method is used to determine the differences between customer perception and expectations of services received/felt by customers to know customer satisfaction level. If the perceived value is higher than the customer expectation value, it means the customer is satisfied and otherwise. Meanwhile, the Kano model is a method that classifies or categorizes customer requirements into six categories based on how well a product or service could fulfill customer needs (Yanti & Murni, 2019).

In its application, there are some weaknesses in each method. For example, in the servqual method, the relationship between customer satisfaction and service quality attributes is considered linear, which is not entirely true. By using the Kano model, the linear relationship between customer satisfaction and service quality attributes only exists in the "one-dimensional" category, meanwhile in the "attractive" category and "must-be" category is considered not linear. The integration of servqual and Kano model was first developed by Tan & Pawitra (2001). The Kano model that was only used to categorize attributes without giving any quantitative or qualitative value was then integrated with the servqual method, which gave quantitative value on customer satisfaction for each attribute. The integration of two methods will give more accurate results than using only one

method.

The servqual method results will give the customer satisfaction level value and information about which attributes performance need to enhance, then it enriched by categorization of Kano model so that improvement priority that can affect customer satisfaction can be determined, and this is the final results of the integration of servqual method and Kano model. After that, the improvement priority of service quality attributes will be an input in Quality Function Deployment, which translates service quality attributes (customer requirements) into a service/product to know what actions need to be prioritized and taken to enhance service quality.

1.2. Problem Formulation

The problem formulation of this research is how the package delivery service quality level of PT A and C is based on Jakarta's customer perception, which variable affects customer satisfaction, and what improvement needs to be done to elevate service quality.

1.3. Objective of The Research

There are several objectives research in this study, they are:

1. To analyze package delivery service quality levels of PT A and C.
2. To identify which attribute that most influences customer satisfaction on package delivery.
3. To design planning improvements solution to enhance package delivery service quality of PT A and C.

1.4. Scope and Limitation

Scope and limitation in this research are:



1. This research is based solely on the perceptions of customers of PT A and C in Jakarta.
2. The research formulation only uses the QFD method with one iteration or as known as the building House of Quality (HOQ) matrix.

1.5. Outline of The Research

The final project consists of three chapters. The outline of the final project can be seen below:

CHAPTER I INTRODUCTION

The introduction chapter consists of the background of the research, problem formulation, objective of the research, scope and limitation, and outline of the research.

CHAPTER II LITERATURE REVIEW

Literature review explains the theoretical basis of the theory used in the research that consists of logistic business competition, courier service, service level, service quality, logistic service quality, customer satisfaction, validity and reliability test, Servqual (service quality) Method, Kano Model, and Quality Function Deployment (QFD)

CHAPTER III RESEARCH METHODOLOGY

The research methodology consists of research stages start from preliminary study, literature review, data collection, data processing, result and analysis, and conclusions.

CHAPTER IV DATA COLLECTION AND ANALYSIS

Data collection and analysis consists of data collection of the research that are gained from the questionnaire, data processing, and analysis of data processing results.

CHAPTER V CONCLUSIONS

Conclusions consists of conclusion of the research and suggestions for future research.

