

CHAPTER I

INTRODUCTION

1.1 Background of the Study

In an era of rapid economic development, it is impossible to it is undeniable that the business world among entrepreneurs is increasingly competing in their respective fields, especially in services. This era of globalization, trade is growing, everything the types of products, both in the form of food and disposable products, are increasing every year, therefore the main factor that can continue to support the occurrence of a trade especially internationally is Export and Import services.

The role of freight forwarding services greatly facilitates exporters and importers in the process of shipping goods across national borders. The conclusion that can be drawn is that freight forwarders play a very large role in export-import activities because they greatly benefit our country and exporters.

This indirectly encourages service company developers to continue to monitor and come up with new ideas to keep trying. What else can be said that the benchmark of a country's progress is from the progress of its economic sector which is based on global developments the companies in their respective fields first are Export and Import services which when referring to the trade sector. The definition of export itself is the process of transporting goods from one country to another. The opposite of export activity is import. Import is the process of transportation or commodities from one country to another legally, generally in

the trade process. Forwarding business is one of the businesses that provide services for the Export and Import of goods.

Nowadays, many new forwarding companies have sprung up and make people have many choices to determine which company has better and satisfying service. To be able to compete with other companies, a solution is needed that can improve the company's performance. One way out was the marketing problem. Companies in this case really need to implement a marketing mix and the implementation of quality service good. This is what demands business people to stay afloat and continue to provide good service to customers. Customer satisfaction and complaints are very important to note because they will affect the company or the company's opinion. The main factor determining customer satisfaction is the customer's perception of service quality.

One of the business fields run by the company is engaged in the service business. The success of a freight forwarding company is largely determined by the level of service and timeliness of the company's scheduled schedule, besides that, other factors that also influence are the rates set by the company and the level of competition in the market. If this is not observed by the company, customers will stay away and turn to other similar companies and eventually this will hinder the progress of the company's business, because the main source of income from this service company is in the form of compensation for services provided by customers.

According to Kotler (2018), a company is said to be wise if measure customer satisfaction on a regular basis, because the key to maintaining customer

loyalty is satisfaction. According to Tjiptono (2017), If the quality of service provided by the company in accordance with expectations and the performance of the customers will be happy because of the expectations and performance of the service is already good and customer loyalty will directly arise in the company.

Freight forwarding service companies can feel the benefits of their presence for both novice and experienced importers and exporters and will help with the procedures so that the process of sending goods arrives safely, and this company makes it easy for customers to carry out activities related to operations which include shipping, managing and making documents required by exporters and importers. PT. Giant Transporter Indonesia has several offices branches located in several cities in Indonesia such as Jakarta, Medan, Surabaya, and Makassar. To meet customer needs, the company has more than 100 units of reefer containers to provide customer satisfaction in using the freight forwarding services of PT. Giant Transporter Indonesia. Companies engaged in the transportation and delivery of goods in the city of Medan, among others, are PT. GTI, PT. Hagajaya Kemasindo Sarana, PT. Damco Indonesia and others. Seeing this fact, of course, there is competition between companies that carry out the same business activities, especially efforts to compete for users of transportation and delivery services.

In this case, one of the main competitive companies is PT. Giant Transporter Indonesia Medan is PT Kemasindo Cepat Medan. One of the reasons PT Kemasindo Cepat Medan is said to be the main competitor because the company produces the same freight forwarding.

Table 1. 1 Comparison of PT. Giant Transporter Indonesia Medan and PT Kemasindo Cepat Medan

	PT. Giant Transporter Indonesia Medan	PT Kemasindo Cepat Medan
Since	2016	2014
Location	Jl. Bilal Ujung No.18	Jl. Bilal Ujung No.115
Production Type	Freight Forwarding	Freight Forwarding
Serving routes	All Over Indonesia, China, Malaysia, Singapore, Vientam, Filiphine, Hong Kong, Europe	All Over Indonesia, China, Malaysia, Singapore, Vietnam, Hong Kong
Vision	To the best one stop and on-point solutions for Indonesian logistic and would be a great value addition to company.	Being the best and most trusted company in the field of freight forwarding services in Indonesia by providing quality, timely, and responsible services.
Mission	<ol style="list-style-type: none"> 1. To increase our service quality and personal professionalism 2. Conduct studies and research in the areas of safety and work. 3. Maintaning good relationship with our customer and business partner 	Improvement of services and resources (human, method, technology, infrastructure) on an ongoing basis, while expanding the network with the support of experts in their fields, professional, experienced and full of responsibility.

Sources: PT. Giant Transporter Indonesia Medan and PT Kemasindo Cepat Medan (2023)

So far, in carrying out its main business activities, PT. Giant Transporter Indonesia Medan Branch has served delivery of container to major cities throughout Indonesia, including the areas that are passed according to the route. The shipment starts from vegetables, fruits, frozen food, frozen chicken, frozen fish and so on in the form of frozen goods. The shipping rates charged to customers very depending on which region they are going to. Prices or tariffs charged to customers are based on the price determination of cargo services, based on the transportation load per container measuring 20 Reefer Containers and 40 Reefer Containers and a predetermined distance.

Table 1.1
Target Sales and Realization at PT. Giant Transporter Indonesia,
Medan (2020)

Months	Number of Target	Realization
January	75	72
February	70	67
March	70	54
April	70	65
May	80	79
June	75	71
July	75	68
August	80	67
September	70	64
October	70	74
November	75	71
December	80	84

Source : PT. Giant Transporter Indonesia, Medan (2022)

Table 1.1 that the target levels during 2020 are many that are not well achieved. The best realization in 2020 occurred in December 2020 with 84 teus while the lowest realization occurred in March 2020 at 54 teus. This reflects that the level of customer loyalty in this company.

According to Setyo (2017), explained that customer satisfaction is one of the important elements in improving marketing performance in a company. Satisfaction felt by customers can increase the intensity of buying from these customers. With the creation of an optimal level of customer satisfaction, it encourages the creation of loyalty in the minds of satisfied customers. Customer satisfaction is a transaction concept based on customer experience which is accumulated on the overall evaluation of the service. This shows that customer satisfaction is the result of experience with the company and the result of service. Customer satisfaction is identified as a response related to a particular focus.

Customer satisfaction can be formed in the evaluation process of the purchases made.

Customer satisfaction level PT. Giant Transporters Indonesia, Medan has decreased due to prices that have not been able to compete with other similar companies, the goods suffered damage despite the existence of permanent insurance is one of the reasons for customer disappointment and dissatisfaction is also caused because sometimes the loss of goods because the recipient address is not listed completely caused by the negligence of the company's staff. Some of these things that trigger a decrease in customer satisfaction in the company.

Service Quality is a form of attitude, related but not the same as satisfaction resulting from a comparison of expectations and performance. Service Quality is basically noted as an important requirement and also as a determinant of the competitiveness of a service to build and maintain relationships with customers (Felix, 2017). According to Lewis Booms (2017) defines service quality simply, which is a measure of how well the level of service provided is able to match customer expectations. This means that the quality of service is determined by the ability of a particular company or institution to meet needs in accordance with what is expected or desired based on the needs of customers or visitors. In other words, the main factors that affect the quality of service are the services expected by customers/visitors and the public's perception of the service. The value of service quality depends on the ability of the company and its staff to consistently meet customer expectations.

Service quality at PT. Giant Transporters Indonesia, Medan is still not optimal which can be seen from the increasing customer complaints at companies such as the delivery of goods that are not timely and long, goods detained customs so that the delivery process is hampered, the management of the delivery file is less fast, causing customers disappointment that has an impact on customer loyalty decline.

Based on the above explanation, the writer decides to conduct a research entitled **“Effect of Service Quality and Customers Satisfaction towards Customer Loyalty at PT. Giant Transporter Indonesia, Medan”**.

1.2 Problem Limitation

Due to limitation of time and budget this research focused to PT. Giant Transporter Indonesia, Medan that Service Quality (X1), Customers Satisfaction (X2) and Customer Loyalty (Y).

1.3 Problem Formulation

Here are the problems of formulation that you have found during your research for your *skripsi*:

1. Does Service Quality have effect towards Customer Loyalty at PT. Giant Transporter Indonesia, Medan?
2. Does Customer Satisfaction have effect towards Customer Loyalty at PT. Giant Transporter Indonesia, Medan?
3. Do Service Quality and Customers Satisfaction have effects towards Customer Loyalty at PT. Giant Transporter Indonesia, Medan?

1.4 Objective of the Research

Here are some objective of the research that you can make to solve the problem that've been found, which are:

1. To understand whether service quality effect customer satisfaction at PT. Giant Transporter Indonesia, Medan
2. To understand whether customer satisfaction will effect customer loyalty at PT. Giant Transporter Indonesia, Medan.
3. To investigate service quality and customer satisfaction have effect on customer loyalty at PT. Giant Transporter Indonesia, Medan.

1.5 Benefit of the Research

To add to the theoretical knowledge gained at the bench lectures with Field Work Practice activities.

1.5.1 Theoretical Benefit

As far as the educational context is concerned, the accomplishment of this research will stand as a means of extra learning about the effect of Service Quality, and Customers Satisfaction on Customer Loyalty. As a result, this study is likely to provide more information to future researchers or readers working on a comparable topic.

1.5.2 Practical Benefit

The writer expects that this research will deliver three (3) benefits, which are as follows :

- a. For the writer, this research could improve the experience and knowledge of the effect of Service Quality, Customer Satisfaction on Customer Loyalty in real-life setting.
- b. For the company, this research would serve as a foundation for improving the company's performance through the development of service quality, customer satisfaction that would result in increasing of customer loyalty.
- c. For other researcher, this research would be able to stand as their references when they conduct in research on similar type.

