CHAPTER I
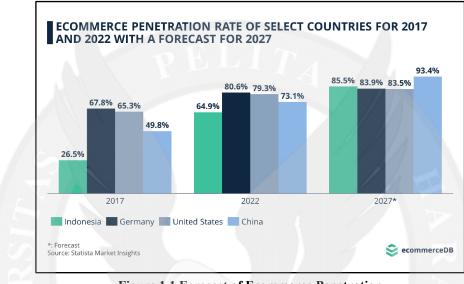
INTRODUCTION

1.1 Background of the Study

Indonesia's economy is experiencing a dynamic transformation. Fueled by rapid technological advancements and expanding infrastructure, the country is witnessing a surge in digital adoption, impacting various sectors across its economic landscape. One of the most notable outcomes is the e-commerce boom.

Indonesians are increasingly embracing digital devices, particularly smartphones, to fulfill their daily needs, including transportation. This tech-savvy population has propelled Indonesia to become the 9th largest e-commerce market globally. With a projected revenue of US$67.76 billion by 2023, the sector is poised for continued expansion. Further, e-commerce penetration is expected to jump from 64.9% to 85.5%, highlighting its growing significance in the lives of Indonesians.
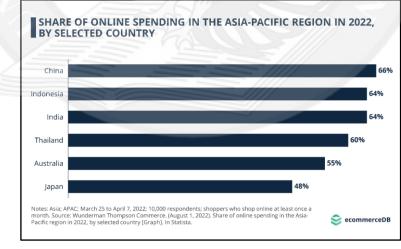
According to BPS statistics (2023), the e-commerce market is anticipated to exhibit a healthy compound annual growth rate (CAGR) of 8.1% between 2023 and 2027. This upward trajectory is expected to see the market reach a value of US$92.42 billion by 2027. Data from Indonesia Investment (Figure 1.2) reinforces this trend, revealing that 64% of Indonesian internet users actively engage in online shopping, with 38.1% even utilizing online platforms for grocery orders.

This widespread reliance on digital means has fundamentally altered how Indonesians access and utilize logistics services. Today, logistics have become more integrated, efficient, and readily available through diverse digital platforms. This enhanced accessibility plays a crucial role in facilitating the country's

Figure 1.1 Forecast of Ecommerce Penetration

thriving e-commerce sector and catering to the evolving needs of its digital-savvy population. The top players in the logistic service in Indonesia such as JNE, JNT,

Figure 1.2 Asia-Pacific Online Spending

and Tiki, has revolutionized the delivery of customer goods in Indonesia.

These partnerships have streamlined the process of online shopping, enabling faster and more reliable delivery of products to customers across the archipelago. E-commerce platforms leverage these transportation networks to offer a wide range of delivery options, from same-day delivery to cost-effective, standard shipping. This synergy not only enhances customer satisfaction by ensuring timely deliveries but also boosts the efficiency of the logistics sector, playing a crucial role in the growth of Indonesia's digital economy. The collaboration between e-commerce and transportation services exemplifies how digitalization facilitates a seamless connection between sellers and buyers, contributing significantly to the convenience and accessibility of online shopping.

PT. SiCepat Ekspres, established in 2014, is a prominent logistics company in Indonesia, known for its commitment to providing express delivery services across the archipelago. As a homegrown player in the competitive logistics market, SiCepat has aimed to capitalize on the burgeoning e-commerce sector, offering a range of services tailored to the needs of online businesses and customers. The company's mission to deliver packages quickly and reliably is encapsulated in its name, "SiCepat," meaning "The Fast One" in Indonesian. Over the years, SiCepat has expanded its services to include various logistic solutions, from standard courier services to complex supply chain management, aiming to serve as a one-stop logistics partner for businesses and individuals.

In contrast to its competitors, SiCepat, despite experiencing rapid growth and making significant contributions to Indonesia's logistics sector, encounters challenges in upholding customer satisfaction. This is highlighted by online

feedback and complaints that point to issues such as delays (ranging from weeks to months) and discrepancies in service where customers finding it hard to check their packages. This can be seen from the figure below where customers are struggling to contact the customer service of SiCepat. Customers are reporting significant issues with communication, including being blocked from the telephone line, WhatsApp, and experiencing unresponsiveness on social media platforms like Instagram, with some even claiming that they have been blocked. Additionally, there are complaints about delivery delays and difficulties in tracking shipments. It is a common occurrence for shipments to be lost in transit or for delivery attempts to fail, despite numerous customers asserting that their deliveries never took place. Given that many customers are voicing similar concerns and negative reviews, it is evident that there is a significant problem with customer satisfaction regarding SiCepat's services.

Based on Google Review, SiCepat has garnered a notably poor review among customers compared to JNE. In general, JNE scored reviews of 4 stars on average while SiCepat barely reach 2 stars on Google review. This has further supported the poor customer satisfaction in SiCepat. Customer satisfaction clearly has not been met in this instance, leading the author to investigate the underlying factors affecting customer satisfaction in this case. Through reviewing some of the customers' reason on why they give such low stars, it is noticeable that most of the reasons are due to the unresponsiveness, delays, uncertainty, and lack of responsibility of SiCepat team in handling customers packages.

As Priansa (2019, p.116) highlights, trust is one of the keys in customer satisfaction. Trust in business transactions is fundamentally about the belief that the service provider will fulfill its promises and meet the customer's expectations. In the context of transportation and logistics services such as in SiCepat, this translates into the assurance that parcels will be delivered on time, goods will arrive in good condition, and any issues will be resolved promptly and satisfactorily. Trust is not merely a nice-to-have attribute; it's a critical component that influences the choice of one service provider over another.

As depicted in many online reviews, customers are raising concerns over the trustworthiness of the delivery timeframes and the inability to instill confidence in their services. To quote one of the reviews: 'I couldn't this logistic service anymore. I placed an order on August 28th and am guaranteed to receive it by September 1st, and now it's September 6th, yet the package has still not arrived, and there is no confirmation from the expedition.' Other customers have raised complaints about the lack of assistance from the office, highlighting that customer service is untrustworthy due to inconsistencies in addressing inquiries. For instance, when customers schedule pickups and the courier cannot find the location, there is no effort made to contact the customer for clarification. Instead, customers are left waiting without any form of communication or explanation. Furthermore, when these issues are brought to SiCepat's attention, the customer service team claims to have attempted contact with the customer and shift the blame to the customers instead.

Service quality is a critical factor in customer decision-making, highlighting the necessity for businesses to accurately meet customer needs and align with their expectations. Indrasari (2019) notes the importance of this concept, especially in sectors like transportation and logistics, where companies such as SiCepat operate. For such companies, providing timely, reliable, responsive, and effectively communicated services is crucial to maintaining a competitive edge.

SiCepat faces several challenges in maintaining service quality within the transportation and logistics sector. Online forums are filled with complaints about SiCepat's service quality. Common complaints include deliveries not being made within the promised timeframe, reflecting poorly on the company's reliability and service dependability—attributes crucial to logistics service users. Additionally, SiCepat's service quality is marked by inconsistency, leading to customer frustration and confusion due to varying experiences across different interactions. In an era valuing prompt responses, SiCepat's use of automated responses and the difficulty in contacting customer service exacerbate dissatisfaction. Moreover, the lack of clear and transparent communication, particularly regarding delivery updates, further impacts service quality. Many customers report delayed or absent updates, leaving them uninformed about their deliveries' status, including potential delays or issues. This deficiency in communication leads to unmet expectations and a diminished overall perception of SiCepat.

Many customers also compare the services between SiCepat and its competitors. Direct comparisons between SiCepat and competitors such as JNE

highlight significant disparities. For instance, a shipment from Jakarta to Samosir via JNE was delivered in 2 days, in contrast to SiCepat's service for the same route, which experienced a 4-day delay with no updates provided on the package's whereabouts, according to customer complaints. Such experiences underscore the pressing need for SiCepat to address these challenges to improve service quality.

PT. SiCepat Ekspress has faced growing criticism and a negative brand image in recent times, evident in online reviews and social media complaints. For instance, based on Google review, the company's name, which translates to 'the fast one' in Indonesian, has even been sarcastically rephrased by some as 'the slow one' or "SiLambat", highlighting the perceived discrepancy between the brand's promise and customer experience. In many of the social media posts, customers perceive SiCepat as a low-cost yet unreliable option, rather than an affordable and reliable one, greatly diminishing the company's value proposition.

Thus, the study of this research is titled "**The Effect of Customer Trust, Service Quality, and Brand Image on Customer Satisfaction at PT. SiCepat Ekspres in Indonesia.**"

1.2 Problem Limitation

To better analyze and understand the issue presented above, the research will be limited to one logistic company, PT. SiCepat Ekspress in Indonesia. With independent variables which are Trust (T), Service Quality (SQ), and Brand Image (B) and dependent variables being customer satisfaction (SQ). The indicators to measure Trust are limited to security, integrity, competence, and willingness to

depend. Brand image indicators are limited to recognition, reputation, affinity, and domain. Service quality indicators are limited to tangibility, reliability, responsiveness, assurance, and empathy. As for customer satisfaction, the indicators will be limited to overall satisfaction, confirmation of expectation, and comparison to ideal.

1.3   Problem Formulation

Based on the discussion above on PT. SiCepat Ekspres, the research problems can be formulated as:

a. Does customer trust partially affect customer satisfaction at PT. SiCepat Ekspres?

b. Does service quality partially affect customer satisfaction at PT. SiCepat Ekspres?

c. Does brand image partially affect customer satisfaction at PT. SiCepat Ekspres?

d. Do customer trust, service quality, and brand image simultaneously affect customer satisfaction at PT. SiCepat Ekspres?

1.4   Objective of the Research

The objective for this research is to find out about:

a. To describe whether customer trust has partial effect on customer satisfaction at PT. SiCepat Ekspres?

b. To explain whether service quality has partial effect on customer satisfaction at PT. SiCepat Ekspres?

c. To explain whether brand image has partial effect on customer satisfaction at PT. SiCepat Ekspres?

d. To analyze whether customer trust, service quality, and brand image have simultaneous effect on customer satisfaction at PT. SiCepat Ekspres?

1.5 Benefit of the Research

Benefits of this research can be listed as follow:

1.5.1. Theoretical Benefit

The results of this research are expected to contribute to the existing theories relevant with customer trust, brand image, and service quality on customer satisfaction.

1.5.2. Practical Benefit

The practical benefit of this research as follow:

a. For PT. SiCepat Ekspres, this study provides a comprehensive reference and feedback mechanism, facilitating an in-depth understanding of how to optimize customer satisfaction.

b. This research aims to enhance existing theories by examining the effect of customer trust, brand image, and service quality on

customer satisfaction, offering valuable insights for academic study in this field.

c. This research serves as a foundational guide and reference for other scholars, paving the way for future studies in related areas and extending the knowledge base established by this work.