

# **CHAPTER I**

## **INTRODUCTION**

### **1.1. Background of the Study**

The development of oil palm plantations plays a very important role in the Indonesian economy, including increasing the number of employees, acquisition of foreign exchange, and various functions that have been able to accelerate and sustain regional economic growth and also support government programs in regional equity. There are two kinds of oil derived from oil palms, namely from the fruit flesh (mesocarp) which is removed through boiling and squeezing known as crude palm oil (CPO) and oil derived from the palm kernel known as palm kernel oil (PKO). The composition of palm kernel oil is almost the same as the oil produced from coconut. From both can be made various other types of products. The processing plants are called refineries and extractors. From here, several types of oil will come out, some of which are ready for use and some that must be processed or become other products. Its use is for food, cosmetics, and medicine (Fevriera and Devi, 2023).

PT. Rantau Agronusa Sejahtera is a company engaged in palm oil. Based on the survey conducted that there is a decrease in repurchase decisions at PT. Rantau Agronusa Sejahtera. A decrease in repurchase decisions that can be seen from the decrease in the number of contract customers and the number of customers who do not make CPO and palm kernel purchase transactions.

**Table 1.1. Total Customers that do not Repurchase at PT. Rantau Agronusa Sejahtera 2022-2024**

Year	Total Customers	Customers that do not Repurchase		
		Number of customer purchases 2-5 times	Number of customer purchases >5 times	Total
2022	62	3	5	8
2023	54	6	3	9
2024	45	3	11	14

Sources: PT. Rantau Agronusa Sejahtera (2025)

Table 1.1. shows that the number of customers who did not make transactions increased from 8 customers to 14 customers. From this data, it can be concluded that many customers do not make repeat purchases at PT. Rantau Agronusa Sejahtera. Based on interviews with customers who do not make purchase transactions stating that the quality of CPO and palm kernel is often not in accordance with customer requests, the distribution of palm kernels and CPO is not on time so that it disrupts the customer's production process and the change in the payment system which has a shorter period of time (5 days after the invoice is received by the customer).

Distribution is the act of spreading out or sharing something among people or things. It can also refer to the arrangement of something in space or time. Distribution is a marketing activity that seeks to facilitate and simplify the delivery of goods and services from producers to consumers, so that their use in accordance with the required. Distribution channels that are easily accessible to customers will encourage to make repeat purchases (Arianto and Octavial, 2021).

The distribution of PT. Rantau Agronusa Sejahtera still has many shortcomings. This is reflected in the company not being able to fulfill the agreement on the distribution schedule of CPO and palm kernel. Generally, distribution is stated in the contract with the customer, such as 1-10 days, but

often the company delivers beyond the agreed time (2-3 days late). Another phenomenon, also found when distributing the amount of weight in the invoice can experience shrinkage when physically checked by the customer. Of course, this has an impact on customer disappointment and frequent delivery of CPO that does not match the amount stated on the invoice due to unsafe distribution resulting in the condition of spilled CPO. Customers have a plan for the need for raw materials used for products if it is not fulfilled according to customer orders, it will disrupt the customer's production process so that the customer will experience losses due to increased production costs. The distribution range is still limited. The company prioritizes around Dumai because there is a port. So if a customer wants to order delivery at the Dumai, Belawan, and Deli Serdang locations, the company only accepts Dumai. Because the company considers that delivery in Belawan and Deli Serdang is far enough to increase distribution costs. Meanwhile, customers want to get a lower price if they order in large quantities but are delivered in three locations. Of course, as a result of the company not being able to meet customer demand for the Belawan and Deli Serdang locations, but only being able to meet Dumai, the customer canceled the purchase order. As a result of the phenomenon related to distribution that has not been optimized, it triggers customers not to make repeat purchases, which causes many customers to choose similar companies that have better distribution and are more effective and efficient that can meet customer distribution requests.

Reputation is a factor that can influence a customer's decision to repurchase a product or service. A company's reputation can be based on its

financial performance, product quality, and integrity. A positive reputation can help a company build trust with its customers, which can lead to repeat business. Reputation is important for both individuals and businesses because it can impact opportunities, revenue, repurchase, and customer loyalty. A good reputation can help a business attract customers, retain customers, and build a competitive advantage (Panggalo, 2020).

PT. Rantau Agronusa Sejahtera's less positive reputation is due to several things. This negative reputation is due to the quality of CPO provided to customers that is not in line with demand, such as high levels of free fatty acids (FFA). The higher the level of free fatty acids (FFA) contained in CPO, the lower the quality. The quality of CPO is not homogeneous or stable, even the FFA level is almost always in the ratio of 2%-5%, which is already a high percentage that can cause the company to lose money because it has to reprocess the CPO, high FFA can also cause an unpleasant taste and smell. These various phenomena trigger an increasingly negative company reputation resulting in a decrease in repurchase decisions characterized by a decrease in the number of company customers.

**Table 1.2. Palm Oil Quality Standards According to the Directorate General of Plantations of the Ministry of Agriculture and its Realization  
PT. Rantau Agronusa Sejahtera  
Period 2022-2024**

Information	Standard Quality (%)	Description	Returns of CPO (Customers)			
			2022	2023	2024	Descriptions
<i>Kadar Air</i>	0.1% -0.5%	Min-Maks	2	4	11	0.7-1%
<i>Kadar Kotoran</i>	0.005%-0.5%	Min-Maks	4	3	8	0.8-2%
Free Fatty Acid (FFA)	2%-5%	Min-Maks	-	2	5	6-9%

Sources: PT. Rantau Agronusa Sejahtera (2025)

According to the Directorate General of Plantations of the Ministry of Agriculture about palm oil quality standards are moisture content of 0.1%-0.5%, impurities content of 0.005%-0.05%, and free fatty acid (FFA) of 2%-5%. As a result of minimal supervision and low integrity, it triggers high CPO returns made by customers due to not matching the quality requested by customers. Based on interviews conducted with customers, it was found that the company often increases CPO prices and offers CPO higher than other similar companies with the same CPO quality. Although the company follows Argus prices and FOB Malaysia prices, it often offers prices that make a considerable difference. The company also often increases prices when CPO stocks in Riau are running low even though it is not supported by good CPO quality. Based on the documentation data obtained, the quality of CPO is not in accordance with customer directions from the level of quality standards for water content, impurities, and free fatty acids, which triggers the level of customer returns which can be seen in the number of returns made by customers so that they do not want to make repeat purchases.

Subscription to problems regarding the quality of CPO is not appropriate according to customers. Submission of problems regarding the quality of CPO that is not in accordance with the customer, such as customers who ask for 3% FFA but are delivered 5% even though the percentage is in the good category. This problem is that the company agrees that the FFA distributed is 3% but when the customer conducts a direct inspection it turns out that it exceeds 3%. This is of course the customer feels disappointed because the company cannot comply with the request and contract agreement. Many customers feel that company employees communicate inappropriately to customers, such as when customers often underestimate customers due to FFA checks, where employees do not believe the information provided by customers that there is an error in the FFA levels requested by customers, customers also sometimes intimidate that if they do not want the CPO product there are still many customers who want it. Of course, customers feel emotional due to inappropriate things received from company employees. From the phenomena found based on the indicators used that the company's reputation is negative so that the company's image is known as a company with problems with product quality, a management crisis in handling complaints that are not well organized. The impact resulted in the company experiencing a decline in the impact on customers who stopped making repeat purchases at PT. Rantau Agronusa Sejahtera and in the end, many customers were looking for a better similar company.

Responsiveness is the quality of reacting quickly and positively to something or someone. It can also refer to the ability to be improved or cured by a

treatment. Responsiveness in purchasing is a measure of how quickly and efficiently a company responds to customer needs. It is a key factor in customer satisfaction and can impact repurchase decision (Hutahean, 2023).

PT. Rantau Agronusa Sejahtera still has low responsiveness. Where many customers complain about slow responsive services in the revision of purchase contracts that often mistype the full address and price per kg and the revision of contracts sent to customer emails that are not fast as when confirmation by telephone from customers is not immediately done by company employees. It was also found that contracts were sometimes incomplete or unclear about the specifications of CPO so that sometimes customers were inconvenienced because they had to confirm back to the company. According to customers, email response is very slow in renewing or changing customer contracts with the company while the standard set is the same day when the complaint from the customer is received by the company. However, the practice is always more than 1-2 working days. The importance of being responsive is to maintain a good relationship with customers. The negative impact when the company is not responsive is very detrimental to the customer, such as when managing various documents and sustainability declarations. When managing bill of lading (B/L) documents or sustainability declarations, they must adjust to the wishes of the customer, so customers often ask for revisions to match what the customer needs. However, in reality, revisions are not completed quickly while the ship is approaching the port, causing delays in unloading oil from the ship. Of course, this makes customers disappointed and emotional with the company's unresponsiveness. As a result of

various issues related to the company's low responsiveness, customers sometimes become emotional towards the company, which ultimately encourages customers not to make repeat purchases from the company.

From the description that has been there before, it encourages researchers to discuss in the thesis under the title **“The Influence of Distribution, Reputation, and Responsiveness towards Repurchase Decision at PT. Rantau Agronusa Sejahtera in Riau.”**

### **1.2. Problem Limitation**

Due to the limited time and fund, this research is conducted by focusing only to four variables. Those variables are distribution, reputation, and responsiveness as independent variables and repurchase decision as dependent variable. Location of the research is located at Jl. Sei Pinang - Sei Galuh KM 11, Kampar, Riau.

### **1.3. Problem Formulation**

The problem formulations in this research are:

1. Does distribution have partial influence towards repurchase decision at PT. Rantau Agronusa Sejahtera in Riau?
2. Does reputation have partial influence towards repurchase decision at PT. Rantau Agronusa Sejahtera in Riau?
3. Does responsiveness have partial influence towards repurchase decision at PT. Rantau Agronusa Sejahtera in Riau?



4. Do distribution, reputation, and responsiveness have simultaneous influence towards repurchase decision at PT. Rantau Agronusa Sejahtera in Riau?

#### **1.4. Objective of the Research**

From the formulation of the problem compiled by the writer, the writer makes the research objective of the problem in this study such as:

1. To explain distribution has partial influence towards repurchase decision at PT. Rantau Agronusa Sejahtera in Riau.
2. To analyze reputation has partial influence towards repurchase decision at PT. Rantau Agronusa Sejahtera in Riau.
3. To investigate whether responsiveness has partial influence towards repurchase decision at PT. Rantau Agronusa Sejahtera in Riau.
4. To describe distribution, reputation, and responsiveness have simultaneous influence towards repurchase decision at PT. Rantau Agronusa Sejahtera in Riau.

#### **1.5. Benefits of the Research**

##### **1.5.1. Theoretical Benefit**

The result of this research is expected to contribute to the development of existing theories that are relevant with the distribution, reputation, responsiveness and the influence on the repurchase decision.

##### **1.5.2. Practical Benefit**

Based on the purpose of this research can provide research benefits:

1. For PT. Rantau Agronusa Sejahtera

In this study, PT. Rantau Agronusa Sejahtera is able to evaluate and understand about the problems regarding the influence of distribution, reputation and responsiveness on repurchase decision.

2. For the Writer

This research will provide advantage for the writer to have a deeper understanding in the subject of distribution, reputation, responsiveness, and repurchase decision.

3. For other researchers

The research benefits the other researcher as source of reference about the studies regarding its variables of distribution, reputation, and responsiveness on repurchase decision.

